# FINANCIAL AMES

German banks

Big changes ahead





**Running Emu** Monetary policy for

Europa, Page 12



Sex and death Lulu in -Copenhagen

# **Brussels acts to** reassure public over beef crisis

The European Commission is set to unveil an ambitious labelling regime for beef in an attempt to boost the image of the industry, hit by the crisis over BSE or mad cow disease. Under the plan, consumers would be given e history of each piece of beef, from cowshed to supermarket shelf. Page 14

Court victory for UBS: Union Bank of Switzerland has finally won court approval to introduce a capital structure which will considerably increase its capital-raising flexibility. The Zurich Commercial Court verdict comes after nearly two years of legal disputes with a dissi-dent shareholder group. Page 15

French rebuff over Iraqi no-fly zone: France refused to take part in air patrols over an enlarged no-fly zone in southern Iraq despite efforts by US Secretary of State Warren Christo-pher to persuade them of the need for an extended zone. Page 3

Crédit Lyonnals close to rescue deal: The French government is close to agreeing a new rescue plan for Crédit Lyonnais, Under the deal the troubled state-owned banking group is likely to be able to waive most of the heavy costs imposed on it as part of its restructuring deal agreed last year. Page 15

Campbell Soup shake-up: The US maker of soups and sauces announced a \$160m restructuring charge as part of a series of measures aimed at repositioning itself as one of the world's fast-est growing food companies. Page 15

Advisers quit Dole campaign: Two senior advisers resigned from Republican presidential candidate Bob Dole's campaign team. Page 5



The father of the world's top female tennis player, Steffi Graf, told a German.court that be had kept his daughter in the dark about her finances but denied tax fraud. Peter Graf (left), who faces tax evasion charges, blamed poor health, poor guidance and broken promises from local authori-

ties for the tax scandal that led to his arrest 13 months ago. Ms Graf declined to testify at her father's trial in Mannheim because she did not want to incriminate herself. Page 2

Move to cut cost of International calls: The US and Britain are hoping to help trigger sharp falls in international telephone call prices and shaks up the structure of telecommunications worldwide with a radical plan to liberalise transatlantic traffic. Page 14 and Lex

radical Moslems were convicted by a federal jury in New York of planning to bomb 12 US passenger jets to punish Washington for its sup-

Gaylord chief resigns: Richard Evans, the chief operating officer at Nashville-based Gaylord Entertainment, has resigned unexpectedly. The move may resurrect speculation over the sale of the group whose assets include theme parks, hotels and the Grand Ole Opry - the home of country music broadcasting. Page 15

Japan PM urged to call snap poli: Japanese prime minister Ryutaro Hashimoto came under pressure from his Liberal Democratic party to call a snap general election late next month. Page 4

Italy's inflation rate at 27-year low: Italy's annual inflation rate fell to 3.4 per cent in August, its lowest level since 1969. Page 2

Elf Aquitaine, the French oil, chemicals and drugs group, reported a 24 per cent advance in half-yearly income, boosted by high oil prices and increased oil and gas production. Page 17

Japanese bank in fraud probe: Sanwa Bank, one of Japan's leading financial institutions, dismissed one of its branch managers after it alleged he had embezzled about Y550m (\$5m) in depositors' funds. Page 16

Bank of China is to set up e merchant bank in the UK, its first investment banking operation in the west. Page 15

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single currency

# Juppé rushes out sweeping tax cut plan

By David Owen and Andrew Jack in Paris

Mr Alain Juppé, the French prime minister, last night rushed out a sweeping package of tax cuts in a bid to improve his government's popularity and kick start the country's floundering economy.

In an announcement originally planned for next week but brought forward after Wednesday's unexpectedly poor economic figures, he said ers receiving a third of the

reduction next year. The net reduction in taxes in 1997 would be FFrisbn, with income tax cuts offset by a FFr7bn increase from levying social security charges for the

Business conditions in UK shopping centres are brighter than at any time since the last consumer boom of 1988, retailers have reported. The surge is welcome for the government, but may arouse UK central bank concerns about inflation.

In Germany, the economy returned to growth in the secon quarter but jobless figures and an OECD report gave little hope of an easing of the country's unemployment. The August jobless total of 3.9m was higher than for the same month last year.

In Details, Pages 7 and 14

In Germany warned on subsidy culture, Page 2

first tims on investment income as well as salaries. He promised that all taxthose earning from FFr288,100, would be brought down to 54 per cent next year and to 47 per cent over the next five years. But he said those on modest incomes would get the

He also pledged a reduction in state medical insurance payments, with an initial cut next year of 1.3 percentage points from 6.8 per cent of gross next year, the government also plans to abolish or reduce many tax privileges for specific group of employ

Russian leader's absence likely to fuel power struggle inside Kremlin

"We need to give additional purchasing power to all of those who are holding back

great, the prime minister savings levels - and to said. "We need to encourage improve the country's weak those who work, who invent, economic growth because their tax burden is too Prance's comparatively high who create, who invest - in summary those who make the country tick."

The measures were greeted coolly by other leading figures from the country's ruling centre-right coalition. Mr Edouard Balladur, the former prime minister and defeated presidential candidate, said Mr taxes by FFri20bn as quickly as possible Mr François Léo-tard, the UDF leader, called for "careful examination" of French VAT levels.

The package represents a last-ditch effort by the prime minister to stimulate consumer spending - which has

Preliminary gross domestic product figures this week showed the economy contracted by 0.4 per cent in the second quarter—no improve-ment on the last three months of 1995 when the country was hit by public-sector strikes. A series of measures has

raised taxes by more than EFT100bn since 1995 as the gov ernment has striven to cut its financial deficit in line with the Masstricht convergence criteria for economic and monhave included increases in value added and local taxes.

Summer time alarm, Page 2

# Deutsche Bank admits to failure of controls

By John Gapper, Nicholas Denton and Roger Taylor In London

Deutsche Bank yesterday said that it was considering mov-ing responsibility for its UK unit trust business from Loudon to Frankfurt after the complete failure of manage ment controls within its UK

The bank admitted that senior managers at Morgan Grenfell Asset Management were warned in April that Mr Peter Young, a fund manager suspended earlier this week,

suspended earner time week, was defying regulators' rules on holdings of shares. It emerged yesterday that Mr Young started setting up a web of unlisted holding companies in Luxembourg in July 1995 in an effort to conceal growing investments in European technology stocks that

were breaching City rules. However, the managers accepted Mr Young's claim that these unlisted companies were legitimate, and that he was reducing his holding. They failed to discover that he had moved shares to new

holding companies.
All the Luxembourg holding companies have links to Fiba Nordic Securities, a Londonbased broking firm under examination by the Securities and Putures Authority in London since April.

They are connected through Mr Marco Wolf and Mr Jurg Wiler, of Wiler & Wolf, a Swiss law firm, These men are directors of some of the Luxembourg holding companies, and also of bolding companies owning a majority of Fiba

The failure of MGAM's management to prevent Mr Young from Investing in these hold-ing companies for one of its flagship unit trusts is an Bank and its UK subsidiaries. Investors yesterday with-drew about £160m (\$156m) from two UK unit trusts and an offshore investment fund suspended by Morgan Grenfell

Special report, Page 19

### Juppé should move to cut payers would pay less income tax and indicated that the top FFr75bn (\$14.8bn) would be wiped off income tax over the next five years - with taxpayrate, currently 56.8 per cent for income to 5.5 per cent. From

# Yeltsin to have heart operation in Moscow

By John Thornhill and Chrystia Freeland in Moscow

Russian president Boris Yeltsin is to have heart surgery later this month. The announcement, which the president mads in a television interview yesterday; could attacks last year, intensify the turbulent successibut despite sion struggle in the Kremlin.

Mr Yeltsin did not specify how serious his condition was nor whether he intended to band over power during his convalescence. Mr Victor Chernomyrdin, prime minister, vas incapacitated.

But the 65-year-old president vowed he would recover to travel abroad for an operation, continue "active work". He saying the experts at the still intends to meet Mr Helmut Kohl, German chancellor.

On Russian television last night, Mr Yeltsin said he did not want to conceal his illness from the public.

"I heve undergone routine public sympathy. checks and during these tions of the doctors were either for an operation or to work in

work has never suited me and does not suit me now. It is better to have the operation

and fully recover. ... Mr Yeltsin, who has had a long history of heart trouble, suffered two minor heart;

But despite prolonged absences since the presidential elections on July 8, government leaders and presidential aides have persistently denied. heart trouble.

His absences were attributed would assume presidential to "colossal tiredness" after an powers if Mr Yeltsin died or exhausting re-election cam-

> Mr Yeltsin said he would not saying the experts at the Moscow Cardiological Centre were fully capable of performing the operation.

> He closed his interview by telling Russians he "very much" hoped for their support, in an apparent attempt to gain

The confirmation of Mr Yeltsin's likess is likely to fuel the in-fighting within the Kremlin sured backing for the former checks they have found some-thing wrong with my beart," in-fighting within the Kremlin he said. "The recommenda-over who will eventually succeed him. Mr Chernomyrdin would appear to be the "estab-



Boris Yeltsin appears on Russian television yesterday to amounce he will have a best operation.

lishment" candidate although Mr Alexander Lebed, the president's national security adviser, is a contender with his rapid conclusion of a truce in Chechnya last week.

During his television appear sured backing for the former

Continued on Page 14 Yeltsin heart surgery, Page 2

# "I know it's late, but I'd like some sushi. How far do I have to go?"



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# Olivetti threatens to sue ex-director after inquiry

By Andrew Hill in Milan

Olivetti, the Italian information technology group, yes-terday threatened to sue a former executive after his claims that the company's interim results were misleading prompted an inquiry by the stockmarket watchdog.

began in Milan amid growing confusion and concern about the future of the group. On Tuesday, Mr Carlo De Benedetti resigned as chairman, followed by Mr Renzo Francesconi, director-general in charge of finance, administration and auditing.

the way in which Olivetti's results for the first half of 1996 heavy losses.

Mr Francesconi claimed he broadcaster, refused to com-had submitted different ment. However, he dismissed interim figures which painted a less flattering picture of the company's situation. Olivetti said Mr Francesconi's comments were "totally without foundation".

watchdog, interviswed Mr Ollvettl's sharss were Francasconi, and yesterday suspended hefore trading svening was still talking to Mr Antonio Tesone, the new Obvetti chairman, Mr Francesco Caio, chief executive, and two other senior executives.

publish a statement which the shares to be lifted today. They are part of the Mib-30 Mr Francesconi, who had index of Italy's 30 heaviest only been with Olivetti for six traded stocks and there is weeks, said he disagreed with international interest in Oliveiti's struggle to recover from

task facing [Olivetti]". Consob, the stockmarket L80.8bn (\$58.8m) and e pre-tax loss, after provisions, of

Consob wants Olivetti to would allow the suspension of run Olivetti for 18 years,

had been presented. In an Mr Francesconi, who joined interview published yesterday. Olivetti from the Rai state Olivetti may seek ally, Page 17 Mr Francesconi, who joined

Mr Caio's suggestion that his comments were "probably the result of stress, given the buge The half-year results 'which showed a worse-thanexpected operating loss of

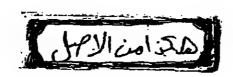
L440.2bn - were produced at the end of Tuesday's extraordi-nary board meeting. The meet-ing was the climax of a battle tween Mr De Benedetti and Mr Caio over future strategy. Mr De Benedetti, who had resigned in what appeared to be a tactical victory for Mr Caio. The initial stock market reaction on Wednesday was positive, though the sharas later fell on concerns about the

half-year figures.

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LONDON -LEEDS - PARIS - FRANCISKY - STOCKBOLM - MADRID - MEN YORK - LOS ANGELES - FORYO - NONG



Foreign chiefs

crisis in IGC

Political storms are gathering

in Tralee, says Lionel Barber

ering this eutumn.

bility in Bosnia after this month's elections, and fresh

controversy over mad cow disease. It is a daunting agenda, which has led to an outbreak

of post-vacation pessimism

in Brussels. "We are enter-

ing a dangerous period." says one senior official.

"Everywhere there is a cli-

Tralee, which hosts this

weekend's meeting, is the hometown of Irish foreign

minister, Mr Dick Spring. He

will use his wily charm to

achieve consensus during talks on Bosnia, the Middle

East peace process, Russia,

Cyprus, and a Danish paper

looking at a long-term EU

strategy for the Organisation for Security and Co-opera-

The thorniest subject is

the IGC. Ireland, which

holds the rotating EU presi-

dency, is anxious to speed up

negotiations on institutional

reform to cope with future

enlargement to central and

eastern Europe. Dublin

would like to have a draft

Maastricht 2 treaty ready by

the end of November in time

for the EU summit in mid-

But officials close to the

IGC admit that serious nego-

tiations have yet to begin,

and it is no secret that the

Irish and others are upset

that the French have pushed

everyone into holding a mid-

October mini-summit which

could arouse false expecta-tions of a breakthrough. Cointedly, the Irish have yet

to set a date, citing difficul-ties in finding hotel space.

Three other political devel-

tion in Europe (OSCE).

nate of mistrust."

# OECD report voices concern at high levels of support for industry.

# Germany warned on subsidy culture braced for

aid fight part of wider battle

Germany's efforts to change the focus of its economy from traditional industries to new technologies risk extending the "subsidy mentality" which has already seized eastern Germany, the Organisation for Economic Co-operation and Development warned yesterday.

Special ettention wes needed to avoid new subsidies in the form of tax breaks for high-technology start-ups; other programmes to inject equity into eastern

pean Union rules.

and Brussels extends beyond

the aid the government of

Saxony gave VW to expand

two car plants in the state. It

bas brought the govern-

ment's policy towards its

eastern states into direct

conflict with the European

Bonn has pursued a policy

of forging rapid economic

unity between east and west

through relentless harmoni-

sation, funded by massive

subsidies. This has resulted

in higher taxes, but has

failed to echieve a noticeable

economic revival in the east.

Volkswagen, which is 20 per cent owned by the state

of Lower Saxony, is among Germany's most influential

companies, with roots deep

in the country's economic

remarked that VW was to

and political establishment, as it is needed to overcome

A senior official once the consequences of Ger-

ensure new subsidy programmes are not being established".

In its annual report on the state of the German economy, the OECD also criticised the "complex" system of taxes which "inhibit the development of newly-'established enterprises".

The report contains a spe cial chapter on the taxation system and on transfers in the economy - payments other than tax or income from employment, auch as welfare benefit payments to

German companies "should individuals and subsidies to also be closely scrutinised to industry, including indirect subsidies such as tax breaks. It said sncb transfers

risked creating a "depenquestions about whether the operation of the welfare system is not inadvertently creating new recipients and whether future commitments can be financed".

Transfers generally had got out of control, the report said, and were being used "to achieve numerous policy objectives" such as subsidis-Furthermore, by taxing

the income of incorporated and unincorporated companies differently, Germany was "discouraging the development of stock market listings" - one of the government'e declared aims in its efforts to make equity investments more attractive and improve the international standing of the Frank-

furt stock exchange. Some of the strongest criticism was reserved for Germany's use of industrial subsidies and tax incentives which, the report admitted, country's reunification.

Germany pays more subsi-dies to industry than any other European Union country. While these had begun to decline in western Germany, the report said that continuing extensive subsidies in the east "could lead to a subsidy mentality and distort competition".

Germany's efforts to meet the Maastricht criteria for a single currency were also dealt a blow by OECD fore-casts which indicate that the budget deficit will rise to 3.5 per cent of gross domestic product in 1997 - significantly higher than the per-

Opinion polls suggest that

A revealingly frank com-

The company insists that it will go ahead with extend-

ing the plants at Mosel and

Zwickau, creating 2,300 jobs.

despite having DM90m

already approved tax credits

frozen. VW says it is legally

entitled to this money and

will claim it back at the end

finally by the European

Court, but if there is no solu-

tion there this year, or some

Germany and VW, the dis-

pute with the Commission

VW is unlikely to forgo the money permanently without a fight. The most likely out-

come is that the company

will extend the plants and

recoup the frozen money, or

some of it, in some other

could flare up again.

early settlement between

The case will be settled

to be paying off."

of the year.

indebtedness is forecast to climb to 62 per cent of GDP in 1997, above the prescribed

target of 60 per cent. However, Mr Dieter Menke, the OECD's Bonn representative, pointed ont that the forecasts were based only on measures already enacted and did not include the DM70bn savings package which faces a crucial vote in parliament next Friday.

"It is possible for Germany meet the criteria in 1997, he said, "but only if all the measures (in the savings

# Italian inflation lowest for 27 years

Italy's annual inflation rate fell to 3.4 per cent in August, its lowest level since 1969, Istat, the state statistics institute, nnounced yesterday.

The latest figures confirm the strong downward trend in Italian consumer price rises. The year-on-year inflation rate has dropped from a peak of 6 per cent in November last year. In July, Istat announced a

reduced year-on-year rate of 3.6 per cent, and a 0.2 per cent fall in consumer prices over the month, the first time since 1968 that negative growth in inflation had been recorded. In August, umer prices rose by 0.1 per cent compared with the previous month.

The Italian treasury which bas set the fight against inflation as one of its priorities - said the latest figures demonstrated that the drop in inflation was likely to be durable and structural, and said it was due to a "cocktail" of virtuous behaviour on the part of industry, mions, and gov-

ernment, belped by the stronger lira. Economists said the trend was likely to continue in coming months and could prompt a further reduction in Italian interest rates before Christmas. "[Inflation] could fall below.3 per cent on a yearly basis by November or December," said Mr Daniele Castelnuovo, chief economist with Euromobiliare in Milan. Analysts pointed out, however, that the overall economic picture in Italy was still marked by low consumer demand and sluggish

investment. On a monthly basis, the strongest rises were felt in housing, water and energy prices - up 0.6 per cent -while the price of food products fell by 0.2 per cent, helped by reduced fruit and vegetable prices. Including tobacco products the year-on-year inflation rate for August was 3.5 per cent.

### week underlined difficulties ahead in the IGC. European Union foreign minsters meet in Trales, First, the European Com-County Kerry, tomorrow mission called for a treaty with one eye on capricious amendment to give it excluirish weather and the other sive negotiating rights over on the political storms gathinternational trade agreements in services and intel-The slowdown in the European economy, chronic unemployment, and renewed lectual property. This would confer the same powers the Commission enjoys on trade doubts about the planned in goods, allowing the EU to single currency ere bad enough; but the EU is also speak with one voice on braced for a crisis in the trade policy. stalled intergovernmental conference (IGC) to review the Maastricht treaty, insta-

To the dismay of the Comnission, hig member states, led by Britain and France opposed the proposal. Yet if member states refuse to cede limited sovereignty on trade Contract of the second of the

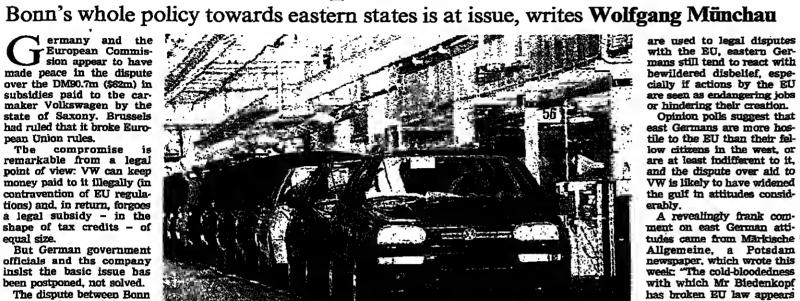
We are entering a dangerous period . . . everywhere there is a climate of mistrust'

and economic policy - where the Commission enjoys real power - there seems little ope of achieving a common EU foreign policy.

The second ill omen came in the form of e British paper on subsidiarity, the term used for devolving decision-making on EU matters to the lowest appropriate level. Commission officials who have seen it describe it as ingenious, thorough, and ultimately destructive in its desire to repatriate powers to the nation state.

An intransigent Conserva tive government in Britain remains the biggest obstacle to an early agreement in the IGC, but it is not the only

As this week's hard-fought compromise with Germany over state aid to Volkswagen in Saxony underlines, other powerful national and regional forces are challenging the anthority of the Commission and the legitimacy of the EU.



VWs roll off the line at Wolfsburg, the company's headquarters in Lower Saxony

Germany "what apple pie is

to the Americans' The company's political clout and the political manoeuvrings by Mr Kurt Biedenkopf, Saxony's prime minister, have largely been behind the Bonn government's position in this case - that the Commission has no right to interfere in the aid package agreed with VW. Germany's argument revolves around a loosely worded article in the European treaties. Article 92, sec-

tion 2c, exempts aid to "cer-

tain areas" in Germany from

EU state aid policy, as long

many's division.

The clause, part of the 1957 Treaty of Rome, was intended to cover subsidies to West German regions along the border with East Germany. VW has long benefited from this clause. Its home town of Wolfsburg is in Lower Saxony, in the affected area of West Ger-

During negotiations on the Maastricht revisions to the EU treaty, Germany fought hard to hang on to this clause, even though the country had by then been

Mr Hans-Dietricb Genscher, the former foreign minister who mounted the

successful defence of the

clause et Maastricht, argued in a newspaper article this week that Saxony might

the clause extends to all of eastern Germany, since all of it has been disadvantaged by Germany's division. Mr Jacques Santer, president of the European Commission. says the clause "only applies to exceptional cases and does not apply in general".

have breached some formal rules when it paid the had ruled that it could not. "But this does not change the facts of the law, which is clearly on the side of [Sax-The Germans insist that

While western Germans

relief for his daughter. "I knew that such sporting

Some sports stars solve this problem by emigrating," he said.



Peter Nordström, the Swede expelled from Russia for alleged spying, wards off the cameras with a copy of Margaret Thatcher's memoirs. He says his arrest in St Petersburg while exchanging money with a contact was a set-up. But his employer, the Swedish defence contractor Celsius,

# Steffi Graf's father denies tax fraud

The father of Steffi Graf, ranked the man, blamed poor bealth, poor guidworld's number one woman tennis player, told a German court yesterday that he had kept his daughter in led to his arrest 13 months ago. the dark about her finances but denied tax fraud, Renter reports from Mannheim.

The court said Ms Graf had of tears. declined to testify at ber father's trial because she did not want to incriminate berself. As ber father answered tax evasion charges, she advanced to the semi-finals of the US

Mr Graf, a former used-car sales-

ance and broken promises from local authorities for the tax scandal that

"There was extreme pressure on me because of the permanent travelling," be said, at times on the verge

Having spent 13 months in investigative custody, Mr Graf faces a possible 10-year jail sentence if convicted of evading DM19m (\$13m) in taxes from the late 1980s.

Mr Graf, 58, who accompanied his daughter to tournaments around the

flee the country.

He said be had always taken responsibility for Steffi's finances. "Our daughter was completely unaware [of her tax situation] until 1995," he said. "In any case, all the back taxes have now been paid." Prosecutors read an 18-page sum-

mary of the 237-page charge sheet detailing some DM42m worth of undeclared income between 1989 and

Mr Graf said he had been close to

world, was arrested last year moving his family abroad to avoid because prosecutors feared be would high German taxes, but decided to stay because "my roots are here in Germany" and because local political leaders had assured him of tax

achievements only last a short time and I knew I had to try to set aside financial reserves," Mr Graf said. "It became apparent to me that taxes in Germany and abroad could eat everything up.

# France premier sounds alarm on summer time

Caroline Southey in Brussels

A French government move practice of putting the clocks forward by an hour between March and October - vesterday took the European Union by surprise.

It is less than six months since Europe barmonised er time - Britain and Ireiand for the first time

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switched their clocks on the same day as the rest of

prime minister, has asked Mr François-Michel Gonnot, head of a National Assembly commission, to consider whether the country should

Europe, the last Sunday of March. France, like most of of Europe, sets its clocks to one bour ahead of Greenwich Mean Time in winter and two hours ahead in sum-Now Mr Alain Juppé, the

throughout the year.

The Matignon, the prime minister's office, said yester-day Mr Juppé had asked Mr Gonnot to consider both GMT plus one bour and GMT plus two bours and stressed that the premier had yet to decide whether reform was needed.

But Mr Gonnot, who expects to report by November and backs changing the existing system to remaining

Juppé shared his view that reform was necessary. Ms Eléonore Gabarain, president of ACHE, a pressure group against the sumthe French wanted to change

mer hour, cited a recent poll suggesting that two-thirds of the existing system, which forced many people to get up when it was still dark during summer. She said the average time at which the existing system to remaining French wake up is 6.30am. rise.

at GMT plus one hour all Ms Ségolène Royal, a Mr Gonnot said the annual year, said yesterday Mr socialist deputy who has lob-

bied for abolition of the present system, said: "With summer time, workers and farmers get up when it is still night-time. Just so managers can have another hour to play tennis in the evening." Summer time was introduced in 1976 under President Valery Giscard d'Estaing, in the belief that it would save energy costs following the oil price

time amounted to less than the contents of one oil tanker, and cost French railways more than FFr10m (\$1.97m) a year in changing other national networks. An EU official said the announcement "came as a bit of a surprise." The pro-

posal to harmonise the present arrangements "was agreed by a group of experts in which France was represented. At no time was a negative opinion expressed." | suspended him yesterday.

# Yeltsin heart surgery has successors' pulses racing

Sitting in a cosy armchair dressed in a Political turmoil in the Kremlin can only intensify, writes Chrystia Freeland
casual V-neck sweater, potential rivals have been

President Boris Yeltsin covert succession struggle looked every inch the modwhich began even before Mr Yeltsin was re-elected in

ern, television-friendly politi-cian yesterday as he deliv-ered his bombshell announcement that he will undergo beart surgery later would take over for three After mora than two months, until fresh elec-

predict that the revelation lobby, Mr Chernomyrdin is

months of Soviet-style obfuscation and outright lies about the president's health, Mr Yeltsin's openness was a welcome shift to the accountability which, in his best moments, the Russian leader has promised. But the Kremlin's newest

burst of *alasnost* risked

being overshadowed by polit-

ical turmoil Most observers

If he dies or is incapacitated, Mr Victor Chernomyrdin, the prime minister.

Although Moscow's political elites are still exhausted by a presidential contest which consumed the nation this spring, the possibility that the top job could again be up for grabs is likely to excite the ambitions of Mr Yeltsin's most likely heirs. As premier and leader of

the powerful oil and gas

challenged by Mr Yuri Luzhkov, the popular and popu-list mayor of Moscow, and Mr Alexander Lebed, the maverick security chief who clinched s deal with ths Chechen separatists last

Mr Lebed's rapid emergence from the political public and the equally shadows to centre stage has important support of finanbeen one of the most important results of the elections, in which the charismatic former general came a strong third.

These three members of the Yeltsin administration could also face opposition Chechnya, where Mr Lebed from the Communists, Russia's best organised grass-

contenders. But he could be resounding defeat in the July poll may discourage them from re-entering the ring; they may decide to back a non-Communist can-For the past two months.

the three have been engaged in a covert battle for the sympathies of the Russian important support of financial and political leaders. Mr Anatoly Chubais, the president's chief of staff, admired by reformers, is considered to be too unpopular with voters to be a contender.

One battleground has been made a bold bid for the electorate's support by negotia-

markedly slow to back As the succession contest becomes even more fierce, it is also expected to become even more discreet. After a successful operation, a vigorous Mr Yeltsin could return to the political scene and

replace him. "The rivalries don't disapbecomes more complicated because you have to factor ponement to the long-propbm the possibility of a recovery," said one western diplo-

The presidential election. numerous pitfalls, has built ocratic strategists. foreign and domestic confi-

dence in Russia'e constitutional process. Most observers are now convinced that, no matter how intense the fight, the country is likely to choose Mr Yeltsfu's successor in a democratic fashion. . But even though the nation is more confident of punish any subordinate with 'the robusiness of Russia's the temerity to seek to young damocracy than it was six months ago, economists warn that Mr Yeltsin's admitted heart problems could bring yet another post-

esied economic boom: "This means a new delay of investment in Russia." said Mr Vladimir Mau, one carried through despite of the country's leading dem-

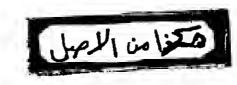
"Until recently, all of us

prerequisites for Russian economic growth, but we must now confess that another crucial precondition is a stable cardiogram for the president." The immediate decline in Russian debt and equity prices following Mr Yeltsin's

announcement was an early

signal that, yet again, the

country's economic pros-pects could become hostage to its political instability. Mr Yeitsin's belated decision to come clean about his health problems may have reassured Russians of his commitment to political openness, but only skilful surgeons and a robust presidential physique will convince investors that it is finally safe to come into the Russian markets.



US attack on Iraq: Christopher warmly received in London, coolly in Paris □ Clashes reported between Kurds

# French part company on no-fly zone

By Alexandra Capelle and Bruce Clark

France yesterday refused to take part in air patrols over an enlarged no-fly zone in southern Iraq despite the efforts of Mr Warren Christopher, the US secretary of state, to persuade it of the need for an extension.

A terse statement by the French foreign ministry, issued after Mr Christopher held talks in Paris, said the US official had assured his bosts that US punitive action against Baghdad was now complete.

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Only after receiving these undertakings did the French tell Mr Christopher that they would continue air patrols in northern Iraq and also south of the 32rd parallel - the nofly zones in force until last

However, French aircraft would not belp to enforce the expanded no-fly zone, reaching as far as the 33rd parallel which runs just

south of Baghdad, which Washington has proclaimed with British support.

The French etatement pointedly stopped short of endorsing the US cruise missile attacks on anti-aircraft sites in southern Iraq which were carried out on Monday

The US-French difference over Iraq will cast a shadow over a major speech on transatiantic relations which Mr Christopher will deliver today in Stuttgart.

The chilly reception accorded the secretary of state was in sharp contrast to the cordial atmosphere at talks earlier yesterday in London with Mr Malcolm Rifkind, the UK foreign secretary. Mr Christopher hailed

British support for US policy towards Iraq, including the extended no-fly zone, as a display of the "extraordinary partnership" between Washington and London.



Warren Christopher with Malcolm Rifkind in London yesterday. Only the British are backing US policy in Iraq

support of US policies) early and often and President Clinton appreciates that," Mr Christopher is understood to have told his British

Asked about the legal basis for US punitive action against Iraq, Mr Christopher said the imposition of a nofly zona was generally agreed to be a "good way" to carry out UN resolution 688, which condemns Iraq for its treatment of minorities in both the north and south.

"we are simply making tt possible for our pilots to carry out their obligations in this no-fly zone in a way that doesn't risk their lives," Mr Christopher said. He expressed confidence

that international under-

standing for US motives in punishing the Iraqi regime British officials said the distinctive French position reflected the desire of President Jacques Chirac to stake out a prominent role for By attacking Iraq'e Paris in the Middle East -surface-to-air installations, and reap the commercial

should eventually go ahead. John Barbam adds from Diyarbakir, south-east Turkey: Kurdish guerrillas of the Kurdistan Democratic Party (KDP), possibly supported by Iraqi forces, were

tionship with Iraq. But in comments that dif-

beard in Washington, the

UK officials say the "oil-for-

food" deal - entitling Bagh-

dad to sell \$2bn worth of oil

and spend the proceeds on bumanitarian essentials -

rival Patriotic Union of Kurdistan (PUK), ending a fiveday lull following the fall of Arbil, the regional capital, to combined KDP and Iraqt forces on Saturday.

Mr Jalal Talabani, PUK leader, claimed from the eastern Kurdisb city of Sulaimaniya that KDP peshmerga guerrillas were attacking but did not specify where. According to other accounts, there were PUK-

# KDP clashes near Arbil and close to the Iranian border.

afar, many financiers have either ehied away or put their money into real estate. general maneger, eays his proposed position.

**Palestinian** stock market to start soon

Palestinian entrepreneurs are hoping they can again turn the ancient West Bank town of Nablus into the trade centre it was centuries ago when trading begins soon on the Palestine Securities Exchange (PSE).

The PSE, a continuous, online exchange, has the facili-ties and staff to start, but awaits an opening date from the Palestinian finance min-

The PSE's founders, a share holding company called Padico (Palestinian Development Investment Company) and Samed, a PLO-owned company, aee more to economic progress than world charity, day labour in Israel and agricul-

tural exports. Like the early Ztonist movement's drives to attract Jewish funds from abroad, the Palestinian Authority has been actively recruiting rich expatriates to help huild

their economy. Since Israel and the PLO reached an interim peace accord three years ago, wealthy Palestinians have sought venues by which to both prosper and be patri-

But with political uncertainty and few means to monitor investments from Mr Safwan Bataina, PSE's

INTERNATIONAL NEWS DIGEST

investments would be safer and more conducive to economic growth. "You need equity and debt capital to build up an economy," he

Recruited from Amman, Mr Bataina said the PSE is hiring nearly all its traders from the ranks of Palestinians with experience abroad.

Since there is no Palestinian currency, shares will be listed primarily in Egyptian pounds, Jordanian dinars, or Israeli abekels. The small but high-tech stock market that took just \$2m to build has e potential market capl-tal of \$700m, projected to grow to \$2bn by the end of the decade.

The right-wing government of Mr Benjamin Netanyahu opposes Palestinian statehood, but Israelt officials say they want to raise their neighbours' living standards and will not oppose the PSE tf it does not violate the Oslo accords.

 The Palestinien Author ity rejected an Israeli proposal to present a joint posttion to the conference of donor countries due to open in Washington yesterday, Mr Dan Meridor, Israeli finance minister, said.

Mr Meridor said be had proposed at a recent meeting with Palestinian minister of economy and trade Maher Al-Masri that the two sides present a joint position, but was "surprised" to receive a negative answer a day later.

# How the Kurds were stranded by history

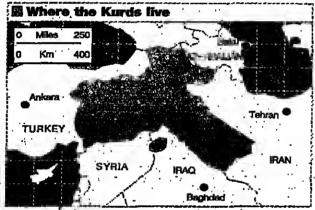
Edward Mortimer describes a people fighting for a state of their own on three fronts

lthough the 4m Kurds of Iraq are the ones that make most news internationally, they constitute at most one-sixth of the total Kurdish population in the Middle East.

That population is "proba-bly in the order of 24m-27m," according to Mr David McDowall, a British specialist on Middle East affairs whose long-researched history of the Kurds\* appeared earlier this year. About half of those, at least 13m, live in Turkey, where they form about 23 per cent of the population. For the past 12 years the Kurdistan Workers' Party (PKK) has been fighting for control of south east ern Turkey.

ern Iraq in pursuit of PKK of the late Ayatollah Kho-fighters; and yesterday it meini. But the Kardistan showed all the signs of Democratic Party of han played a major political role time aimed at turning a par-row strip of land on the Iraqi eral of its leaders have been side of the frontier into a assassinated in Europe in side of the frontier into a "danger zone" or security terrorist" infiltrations.

There are also about 5.7m Kurds in Iran. There they, base at Khoi Sanjaq.



briefly set up an independent republic in 1946, and organised themselves as an anothe former Soviet Union autonomous region after the But the great majority live Last year, Turkey sent up fall of the Shah in 1979, only in the mountainous region to 35,000 troops into north- to be crushed by the forces launching a new attack, this (KDPI) remains active, with recent years, apparently by cordon, to prevent further hit squads sent from Tehran, and in July Iranian troops entered Iraq to attack its beg the question of what

More than 2m Kurds live elsewhere: in Syria, Europe in recent decades.

The Kurds are sometimes described as "the world'e largest ethnic group without a nation", or "the world's largest nation without a state", but such formulae

be united by a common language - related to, but distinct from, Persian, and divided into several dialects. Some linguists categorise the different forms of Kurdish as separate languages. A further problem is that the same language, or dialect. can be written in different scripts: Latin in Turkey, Cyrillic in the ex-Soviet Union, Persian in Iraq and What is clear is that the

Kurds missed ont on the great period of state formation in the Middle East, which came with the break-up of the Ottoman Empire after the first world war. Though the Treaty of Sevres (1920) offered them the chance of forming a state, this was replaced, after the victories of Mostafa Kemal Ataturk, by the Treaty of Lausanne (1923) in which they were not men-

tioned. The Kurds had long been a frontier people between the Ottoman Empire and Iran. They now found their lands further divided, with the makes a nation. Kurdish north-western ones becom- eutonomy? Should they Touris, £24.95.

nationalists would claim to ing part of the Turkish republic and the south-western ones part of Iraq, a predominantly Arab state.

Iraq's rulers formally recognised a Kurdish identity after the overthrow of the monarchy in 1958. But there has been constant conflict between the Iraqi state, increasingly centralised and totalitarian since the Ba'ath party came to power in 1968, and the Kurds with their mountain tribal traditions and growing self-awareness as a potential nation.

In Turkey until very recently, the state denied Kurdish identity in any form, and stamped on any public expression of it. Even today there is no education in Kurdish, and it was only government announced the creation of an official Kurdish television channel in an attempt to counter the growing influence of the London-VT.haM heard

Kurdish nationalists in all three countries have two big dilemmas: should they struggle for an independent state, or content themselves with

other against ell three states, or seek to exploit divisions between their oppressors? In their hearts they would like to choose the first alternative in each case, but realpolitik has generally obliged them to choose the second.

show eolidarity with each

In both Iraq and Iran, Kurdish parties have consistently said they seek no more than autonomy, within a broader democratic state which unfortunately has yet to be established in either country.

In Turkey, the PKK demanded an independent state until 1993, when it switched to demanding autonomy, though the Turkish authorities still routinely As for eolidarity, it has usually been little more than

e slogan. All too often Kurdish parties in different countries have found themselves ectually fighting each other, in order not to alienate their backers in neighbouring cap-

\*A Modern History of the Kurds, David McDowall, IB

# \$850m oil bonus for Nigeria

Higher oil prices brought a \$850m bonus for Nigeria's military government, but it still recorded a deficit in the first six months of the year, it was revealed yesterday. Mr Anthony Ani, the finance minister, said the government received \$3.49bn from crude oil sales against a budgeted figure of \$2.64bn. He said the average selling price had been \$19.43 a barrel instead of the budgeted \$16 a barrel.

Mr Ani's announcement does not explain why the government posted a small unbudgeted deficit for the une period, as opposed to the forecast surplus. Analysts believe the unbudgeted expenditure is partly eccounted for by e big contract awarded to China for modernising Nigeria's railways and big imports of petroleum products because the state-owned refineries are operating well below national demand. Foreign Staff, London

### Iran-Kenya trade accord

Iran yesterday offered to throw its weight behind Kenya'e energy, industry and farm sectors by installing power stations, building storage facilities for liquefied petroleum gas and repairing roads.

In a joint memorandum of understanding signed by Mr Kalonzo Musyoka, Kenyan foreign minister, and Mr Yahya Al-Eshaq, the Iranian commerce minister, Iran also offered to belp train Kenyans and open avenues for trade in Iran and the Gulf region.

The memorandum said Kenya and Iran agreed to boost bilateral co-operation and trade and expand ties between Kenyan and Iranian banks. Iran said it would supply equipment and engineering to expand Kenya's electricity and water supplies.

## Madagascar president to quit

Madagascar's president said yesterday be would step down next month, ending two years of political squabbling with e hostile parliament that sought to oust

President Albert Zafy said be would resign on October 10, announcing the move an bour after the Indian Ocean island nation's top court upheld a move by lawmakers to force him from office.

The former French colony's National Assembly, angered at a 1995 presidential referendum that

significantly diminished its powers, voted a month ago to oust Mr Zafy. Medagascar's High Constitutional Court said Prime

Minister Norbert Ratsirahonana would serve as chief executive in the interim. Friction between Mr Zafy and parliament dates to 1994, when he and then-prime minister Francisque Ravony balked at an economic overhaul ordered by the IMF and the World Bank as a condition for future financial aid. AP. Antananariza

# Uzbekistan hit by shortage of hard currency

Small traders and big investors have been able to convert only a fraction of their revenues

n Tashkent

Investors and traders in Uzbekistan have been hit by an unprecedented shortage of hard currency, putting pressure on the coontry's goslow approach to reforms.

a fraction of their revenues: in Som, the local coin, back into hard currency. Evan-BAT Industries, the country's second largest investor, says the Uzbek Central Bank has sold it only \$1.5m since January, while BAT's cigarette and tobacco fermentation plants need at least \$7m in bard currency just for

"It's happened in fits and

starts," said Mr Simon Mar- it's a positive sign," one import commodity, failed to cially low dollar exchange tin BAT's finance controller senior official said. "It shows meet high expectations." tin, BAT's finance controller in Tashkent. "It'e quite common to use bureaucracy as a means of rationing. You change the forms each week, or you add on new requirements. It it all goes smoothly you can count on 60 days."-

Uzbekistan has been alone Since April both small traders and the country's in the former Soviet Union main invectors have been in keeping its currency at an mable to convert more than artificially high exchange rete, illustrating the slow pace of reform in this Central Asian republic of 22m. But a rise in trade, following moves to encourage foreign investment, is putting the Som under increasing pressure; Uzbekistan sold twice as much bard currency this apring as last year hut demand has risen even fas-

"From one point of view

that trade is growing. But it's an obstacle to further development of foreign trade with Uzbekistan. Only e free exchange of the Som can solve this problem.".

The Uzbek government has declined to explain the conversion crunch but western investors and bankers blame Uzbekistan's negative trade balance of \$348m for the first half of 1996. Although it has a sizeable hard currency reserve, western bankers say that the ernment has not used it for fear of sparking inflation. Imports exceeded exports when the price of cotton, the country's main source of revanne, dropped in the spring. Last year's domestic grain harvest, the main

meet high expectations. In both cases, analysts say, the government was alow to respond, partly because mid-level officials were afraid to break the bad news to the president.

"Tha whole system is based on telling the hose good news and boping he never finds out the truth," one British businessman in Tashkent said. By the time President Islam Karimov did find out, grain prices had hit a record high and cotton prices had dropped even fur-

50 per cent.

Free trade arrangements with Kazakhstan have put the Som under strain as

Some Uzbeks are making a

stan, converting revenue to dollars and then converting fictitious Som revenue back into dollars at the official low rate.

the Som has dropped faster than the official rate and the difference is now more than Investors in Uzbekistan have little hope that the government will float the Som in the near future. One offi-

The black market rate of

cial said the government would first need to raise import tariffs on consumer goods, a politically sensitive move in a country where prices and wages have been

kept artificially low. The official predicted confortune importing western vertibility in 1997, but that consumer goods at the artifi- may be too late for many of out."

make up the bulk of Uzbekietan's limited investment The shelves at the Dutchowned Holland Market.

the small investors who

which gained instant fame in Tashkent when it opened earlier this year with 17 dif-ferent kinds of Dutch cheese, gradually emptied out for lack of hard currency to pay for new eupplies. Only in August did the government grant priority access to hard currency reserves for food importers.

"The convertibility problem is killing us," says Mr Willem Visser, general director of Martens Trading, which owns 80 per cent of the Holland Market, "If this convertibility problem continues everybody will walk



HULL - a city that means business....

# Hashimoto urged to hold snap election

Mr Ryutaro Hashimoto, the Japanese prime minister. yesterday came under pressure from his Liberal Democratic party to call a snap general election late next

He remained non-committal to a recommendation to call a poll from a meeting of LDP members of parliament, according to television reports. The government, which took office in January, is not obliged to seek an election until next July. But political analysts in Tokyo believe Mr Hashimoto will not wish to allow uncertainty over his intentions to persist indefinitely.

A growing number of LDP politicians wants to call a poll in the autumn for sevral reasons. Support for all the main political parties is While the government's pop-declining and the LDP'a ularity is low - 31 per cent

sition of a rise in sales tax next April; LDP party funds are running low; and a referendum on the southern island of Okinawa next Sunday is expected to embarrass the government by producing a majority against US

The outcome of the Okinawa referendum is likely to drive a wedge between the LDP and its coalition partner, the Social Democratic party. Given the vital strategic importance of the US military presence there, the LDP, will have no choice but to ignore the Okinawa result, say government officials, thus offending the SDP's pacifist instincts.

On: this argument, many in the LDP believe it should go to the polls before the situation becomes untenable. waning popularity is likely according to the latest opin-

ahead of the opposition New Frontier party, with 7 per cent. The proportion of undecided voters has risen by 10 percentage points over the past six months to 50 per

Some Japanese political experts believe Mr Hashimoto has equally good reasons to wait. The government is planning to make a decision on a public spending package in the next few ks, which would distract attention from the unpopular sales tax rise, and will then embark on tha formation of next year's budget an opportunity to reward influential interest groups. Most observers assume the

on power after the next election, completing its recovery which ended in the summer of 1994. But there is an element of uncertainty to the



Hashimoto: LDP MPs want his hand up for quick poll

lection ontcome, because and proportional representa-

the poll will be held under a tion, intended to he more new system, a mixture of competitive than the previ-

# Seoul hits impasse over OECD entry

By John Burton in Secut

South Korea appears to have reached an impasse in its drive to join the Organisation for Economic Co-opera-tion and Development this year, with the club of advanced industrial nations criticising Seoul's proposed financial liberalisation programme as unsatisfactory. Mr Christian Schricke,

senior OECD legal counsel, told officials in Seonl this week Korea would have to accept a wider opening of its capital market. Seoul said it could offer no more conces-sions bacause of domestic political opposition.

The criticism conveyed by Mr Schricke, in Seoul to dis-cuss a draft accord on OECD membership, is likely to raise pressure for new concessions before the OECD governing board meets this month to decide on Seoul's

pace of financial liberalisation, including the opening of the bond market and abolition of restrictions on capital flows. The OECD is demanding a firm schedule for these measures, while Korea wants the speed of deregulation to be determined by economic preconditions that could take years

Under a "final" offer submitted in July, South Korea said it would not accept the complate opening of the bond market and the liberalisation of capital flows until the gap between high domestic interest rates and low foreign ones narrowed to 2 percentage points from its present. 6-7 percentage

Secul argued rapid liberal-isation would lead to huge capital inflows attracted by high domestic rates. This would add to inflationary

to the detriment of Korea's export industries.

Opponents of "hasty" OECD membership, including the opposition parties and most of the media, also claim liberalisation would make Korea heavily dependent on foreign capital and leave it vulnerable to a financial crisis, such as occurred in Mexico in 1994, if "hot" speculative money left the country.

Korea's worsening economic performance, including a record current account deficit and rising inflation amid a slowdown in growth. has increased public opposition to OECD membership in recent weeks.

The government is becoming worried that even if it is admitted into the OECD, the could be blocked by the

# Signs of unease grow in Beijing over the economy

'The macro side is excellent, but the micro is terrible'; this is the message China's leaders are almost certainly receiving

By Tony Walker in Beijing

Signs of unease are growing in Beijing about weakening demand, increasing unemployment and a wretched first half for the state sector. This is despite the fact that China's leaders may bave heen congratulating themselves on achieving a "soft" landing for the economy after problems of overheating in 1993-94.

indeed. China may be facing a humpler economic landing than had been anticipated, with growth slowing and unemployment keeping up Its inexorable rise, Political manoeuvring in the lead-up to next year's Communist Party Congress appears to be weighing on

Chinese and western economists have begun to sound the alarm about apparent slowing activity; scepticism is widespread about official rise of 9.8 per cent.

The representative in Beijing of an international lending institution says growth is nearer 7 per cent, taking into account rapid huild-up of stocks amounting to some 5 per cent of GDP. "The government is too cautious. It should do more on the demand side, such as encouraging capital works projects in the power sector." he added.

Since mid-1993, when It instituted a credit squeeze to slow economic growth and curh inflation, which reached a post-1949 high of 21.7 per cent in 1994, the leadership has squeezed investment in fixed assets, deferring capital works projects and puncturing a real estate boom.

China's leaders seem to be bolding to their "light inflation first" strategy, though

growth figures for the first they have clearly become six months, showing a GDP concerned about slowing activity. China has instituted two rounds of interest rate cuts, the first in May and the second in August, bringing lending rates down by more than two percentage points

Chinese officiale have begun to talk about the need to stimulate specific sectors. Mr Zhu Rongii, vice-premier in charge of the economy, has said housing abould become a "new growth pole", providing stimulus to producers of steel and building materials:

China's ability to drive the housing sector forward is constrained by lack of mortgage facilities and absence of a mechanism to allow lending institutions to evict borrowers who default on repayments. But its high savingsrates - individual bank savings at the end of June; were 38.7 per cent higher

than last year at \$427bn aupport widespread home small cars.

ownership.

Beijing, ownership.

Concern over flat consumer demand has been manifested in steps taken recently to boost the flag- days; odd-number licence ging car market. The State plates were allowed one day Planning Commission Issued a notice last month cancel next, Stockpiles of saloon

ling restrictions by re would seem to be able to anthorities on the use of

Beijing, for example, ban-

ned vehicles with engines below one litre from the city's roads on alternate and even-number plates the

abouts were up 233.7 per cent to 19,800 in the first six

Unsold vehicles tross to 116,000 in the against \$2,000 units at the start of the year. First half-phileron, results for listed resignings on

Shanghai and Shanghai and

exchanges reflected the con-/ economy's performance generally. Another concern is The official jobless rate at the end of 1995 was 2.9 per

Pilkington Glass whose net profit fell 66.2 per cent.

ious the economy should perform strongly in 1997 to coincide with July I's resumption of sovereignty over Hong Kong, and the Communist Party congress later in the year, the state ctor's continuing poor per-Officials can take satisfacon from bringing inflation own (retail price inflation as 6.9 per cent in the first even months), but can be

cent among urban workers, but in fact numbers out of work is almost certainly nearer 10 per cent nationwide, rising to 20 per cent in the industrialised north-east. The State Statistical Burean reported that at the end of March, 7.25m industrial workers were redundant. Western economists expect pressure will increase on the government to provide greater stimulus to the

availability more important. economy presents contrasting pictures: the macro side is excellent, but the micro is terrible". China's leaders are almost certainly receiving

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NEWS: WORLD TRADE

# Shell in **Philippine** power offer

By Edward Luce in Manila

Royal Dutch Shell and Occidental Petroleum have offered to convert the Philippines' motbballed Bataan nuclear power plant into a 1.200 MW gas-fired station.

The offer, which can be matched by others under the country's bulld-operate-transfer (BOT) laws, did not specify details but is thought to worth at least \$1.5bn. "Shell-Oxy's offer is unsolicited and will he matched with other proposals," said of the National Power Corporation (Napocor). "This has heen discussed with Shell-

The hid, which would double the plant's capacity, would include the supply of gas from Shell-Oxy's natural gas field in Malampaya. western Philippines, which bas reserves of about 12.000bo cubic metres. Shell executives say the Malampaya field could supply at least two other gas-fired power stations providing about 4,000 MW of power a

The Bataan nuclear plant, which was closed on completion in the early 1980s after It was discovered to be sited on an carthquake faultline, would take at least three

years to convert.
The proposal, which is in tune with the government's strategy of ellminating dependence on imported fuel and shifting to undigenous resources, notably gas. comes 12 months after the government reached an outof-court settlement with Westinghouse Electric, the

original contractor.

Westinghouse, which had been accused of bribing officials to turn a blind eye to questions over the plant's safety, paid the Philippines \$100m in the settlement last year including the donation of two \$30m gas turbines for power generation. The turbines could be used in the converted plant.

Other interested bidders include Asea Brown Boveri, the Swedish-Swiss group.

# Japan proposes environment trade-off

and Guy de Jonquières

Japan is to propose guidelines under which governments could be authorised by world trade rules to use import curbs to enforce multilateral environmental protection agreements (MEAs).

The proposal is an attempt, inspired by Japan's foreign ministry, to forge a compromise among World Trade Organisation members, who are deeply divided over how far WTO rules

Singapore in December, has so far been greeted unenthusiastically by both industrialised and developing coun-

oping countries, and some industrialised ones reject

However, the initiative, to be presented to the WTO's first ministerial meeting in

Many industrialised economies, including the US and the European Union, argue that world trade rules should be required to underpin high environmental standards. However, most devel-

Bolivia: a central role

Japan proposes that countries which have signed MEAs - such as the Montreal protocol banning CFC gases - should be allowed to gases should be allowed to enforce them by imposing import restrictions, if there are fears that differ imports from countries with ences on environmental problem and an "international consensus" in the WTO, an official of Japan's Ministry of International Trade and Industry said. The guidelines But Japan's initiative, far provided that such measures.

Here are fears that differ imports from countries with ences on environmental problem ic, along with opposition to thinks?

US and EU attempts to place The EU proposed this year trade and labour rights on that the WTO set up special to a showdown at the minis to place which would perfect the world perfec Industry said. The guidelines

m Dawkins in Tokyo should reflect environmental such arguments as covert to report in Singapore on has backed the idea, the offilinks between trade and environment, including trade provisions in MEAs. However, the committee's members are still far from agreement.

International Trade and terial meeting.

Industry said. The guidelines But Japan's initiative, far provided that such measures

would not be binding, he stressed.

A WTO committee is due from resolving the split, has been criticised by both sides in the debate, though Brazil

cial said.

Some industrialised countries think the compromise is so loaded with conditions that it offers inadequate pro-

were found not to involve

# Poor state that wants to be a big wheel

whelmed by the larger and

far more developed Mercosur

economies: the traditional

links are in their better

But Bolivia's policy-mak-

ers disagree. "The Andean

Community is our present

and maybe its importance

five years," says Mr Victor

Rico, secretary for interna-

tional economic relations at

the foreign ministry. "Merco-

sur is the future.

interests, they argue.

Sally Bowen reports on Bolivia's hopes to become the continent's trade hub

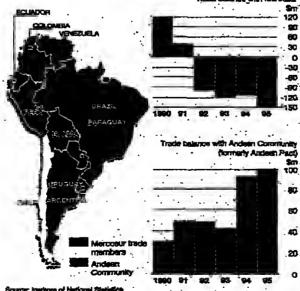
olivia has a cherished Bambition - to turn itself from a small landlocked country into the energy and trade hub of South America. It may be a tall task but Wednesday's official signing at the Rlo Group meeting in Cochabamba of the \$1.8bn Brazil-Bollvia pipeline agreement marked a hig step towards

that goal. At the signing of contracts between Petrobras, the Brazilian state oll company, and YPFB, its soon-to-be-privatised Bolivian counterpart. Bolivia's President Gonzalo Sáochez de Lozada proclaimed it "a moment of relief and happiness" in which "everyone is a win-

Bolivla is not seeking closer ties with Brazil alone. By the end of this month it hopes to have agreed associate membership of Mercosur the trade bloc grouping Brazil, Argentina, Uruguay and Paraguay.

Bollvia runs a sizeable, and steadily increasing, trade deficit with Mercosur. Exports, especially to the first big two, have dwindled while imports have increased. Last year, Bolivia's trade account with Mercosur was almost \$150m in

Trade between Bolivia and its traditional Andean Community (formerly the Andean Pact) partners, on the other hand, has picked businessmen fear being over-



up over the past few years. Bolivia's overall surplus with the Community - comprising Peru. Ecuador, Colombia and Venezuela - more than doubled between 1993 and 1995. "Non-traditional" exports, largely soya and other agricultural products to Peru and Colombia, account for most of the

Bolivia's new anthusiasm for Mercosur might therefore

mediator between the 28-year-old Andean bloc and Tracks believoe with Murocaus the dynamic five-year-old He argues that associate membership of Mercosur is the hest way to attract investment and new technology to Bolivia, still South America's pocrest country despite more than a decade of economic stability and 14

uninterrupted years of At present, more than half Bolivia'a trade is with the US and Europe. But raw materials, chiefly minerals, make up the hulk: Bolivia has little prospect yet of exporting manufactured articles to such sophisticated

Mercosur, however, could be a stepping stone. Bolivian labour costs are much lower than those in Brazil and Argentina. So too are energy costs, as Bolivia has gas.. Trade analysts predict that, once the agreement with Mercosur is finalised, Brazilian and Argentine capital will be eager to enter Bolivia, where conditions for foreign investors are favourable. According to Mr Rico, Bolivia could carve a niche in manufacture of car parts will continue for the next for the new Toyota plant at

Zarate, in Argentina, for example. One Bolivian entrepreneur taking advantage of the strategic geographical position is Mr Rico envisages Bolivia Mr Juan Ortega, of Soft bours.

as both a trail-blazer and a Drink Services, the local Coca-Cola subsidiary. Mr Ortega is expanding from bottling for the local market into canning for export - by early 1997, he hopes.

"Studies show our costs are 30 per cent lower than Argentina's and 20 per cent lower than Chile's," he says, "The Brazilian market for soft drinks is growing enormously and we believe membership of Mercosur will mean an immediate 50 per cent drop in tariffs."

Mr Ortega sees Bolivia'a future as a "point of re-ex-port" for high-cost Argentine and Brazilian companies to gain access to the Andean Community market. "It's a great opportunity for Bolivia. to capitalise on its position

as a hinge." As well as canned Coca-Cola, Mr Ortega is evaluating export of juices and con-centrates. His market, he says, will be the hinterland of neighbouring countries. Northern Chile and Argentina, south-west Brazil and southern Peru are far closer to La Paz than to their own capitals.

Until recently, under-developed infrastructure has hindered increased trade. Even the highway linking dynamic Santa Cruz to La Paz was not fully paved. But Bolivia is spending heavily on upgrading roads and other transport facilities to open up trade with its neigh-

tinuing sluggisbness, with figures worse than expected. Among companies where eader Shanghai Yaohua

owned enterprises experienced losses of Yn35bn (\$4.2bn) in the first half of the year, about the same as For China's leaders, anx-

> est rate cuts will be a aufficient spur, believing credit

economy. They doubt inter-

WORLD TRADE NEWS DIGEST

# Kazakh stake

the glant Karachaganak gas field project in Kazakhstan which may open the door for Mobil and Texaco to invest

the \$80n production-sharing agreement, according to an oll industry newsletter.

FSU Energy reported that British Gas is looking to scale back its overseas operations because of intense competitive pressures in its domestic market but wished the retain a long-term commitment to Central Asia. Both Texaco and Mobil are believed to have expressed their interest to the Kazakh ministry of oil and gas. Both US companies are already active in the former Soviet Union and are collaborating on a massive oil development project on Sakhalin island in the Russian far east. The other partners in the Karachaganak consortium are Agip, of Italy, which has a 42.5 per cent share and Russia's Gazprom with 15 per cent. But Gazprom has agreed to sell its stake to Lukoil, the giant Russian oil

company, which has other interests in the region. With 566bn cubic netres of natural gas res Karachaganak field is potentially one of the biggest gas development projects in the world but has been dogged by bureaucratic and political problems since its conception. John Thornhill, Moscow

# Anam plans \$1bn chip plant

Anam, the world's largest semiconductor assembler, is planning to huild a \$1bn non-memory chip plant in South Korea through a technical agreement with Texas Instruments of the US.

The new plant, which will go into production next year, represents the expansion of Anam's semiconductor Anam will produce digital signal processor chips that are used in camcorders, audio equipment and other multimedia products. Initial production will amount to 25,000 8-inch wafers a month, but Anam plans to invest an additional \$3bn by 2002 to increase capacity.

Although Korea has emerged as one of the world's biggest producers of memory chips, it is still weak in the more lucrative and stable non-memory chip sector. Anam's entry into the non-memory chip husiness is in response to the threat of stagmant profits, which reached 23bn won (\$28m) last year, as demand for packaging of memory chips has weakened following a fall in the global price for the semiconductors. John Burton, Secul

### Big rise in EU trade with US European companies are the top investors in 41 American states, supporting 6m US jobs with \$384bn invested, a

ecent report states.

Trade figures for 1995 indicate that the US and Europe have the world's largest commercial relationship, with have the world a largest command the interesting, with \$776bn in cross investment and \$412bn in two-way trade, nearly 50 per cent greater than trans-Pacific commerce, a study issued yesterday by the European-American Chamber of Commerce noted.

The 1995 figures indicate a significant rise from 1994. when cross investment was \$500bn and two-way trade when cross investment in the US is largely focused on the manufacturing sector, accounting for 12.5 per cent of US jobs in this area, the report said. Additionally, US manufacturing exports to Europe exceeded \$100bn in 1995 and are described in the report as "crucial to the economic well-being of state



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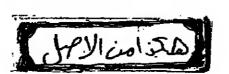
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# Pollution and congestion have returned after a month's experiment. Jonathan Wheatley reports quit Dole's

J is once again a frustrating, unhealthy experience this week after a month of strangely uncongested roads and comparatively unpolluted air.

During August, private motorists in South America's biggest city were made to leave their cars at home for one working day a week, determined by the final digit of their licence plates, or face a fine of R\$100 (about US\$100). The aim was to help Paulistanos breatha more easily during what is often the most polluted month, when cold temperatures make polluting gases hug the ground.

The scheme, known as the rodizio, was modelled on a one in Santiago, Chile, between April and September that has reduced pollution eignificantly. There, however, the restriction applies only on days when pollution peaks.

A full-time programme in Mexico City failed in part because drivers found ways round it, such as buying old and highly polluting vehicles for use when their main car was grounded. Two World Bank economists, Gunnar Eskeland and Tarhan Feyzioglu, found the one-day-a-week ban "counterproductive" and increased car use. Organisers of the São Paulo scheme claim success. Cetesb, the state environment agency, saye the cent of motorists and pollntion fell by an average 14 per cent in the

month. But it also met criticism. "Thie is eco-fascism," said Mr Fernando Pinheiro Pedro of the anvironment commission at the Brazilian lawyers' association, the OAB. "The state government ie using pyrotechnics as a cover for its incapacity to deal with the prob-



São Paulo's polinted air: it gets worse in colder

Cetesb's employees. Technicians say the scheme cut vehicle emissions by much less than its organisers claim because many of the most polluting vehicles, such as exempt. Ms Elizabeth Avelino, president of Cetesb's staff association, said the state should concentrate on other measures, such as ensuring that vehicles engines are properly tuned.

There is no disagreement on the need to cut traffic emissions. Motor vehicles are responsible for more than 90 per cent of the estimated 3m tons of pollnting gases and particles deposited into São Paulo's air every year. Studies by the faculty of medicine at São Paulo University ehow that deaths from respira-

under-five age groups rise by 13 per cent in winter months, and that 36 per cent of deaths in under-fives are caused by these sickness Part of the problem is that, while

São Paulo's fleet of 5m vehicles is growing by 250,000 e year, few old vehicles are replaced. The fleet's average age is 11.2 years; trucks are an average 14 years old. This means many engines are poorly tuned and belch black smoke.

One programme under preparation will make annual renewal of vehicle licences dependent on engine maintenance. Cetesb save. this would cut vehicle emissions by 30 per cent. Critics say the pro gramme has been eidelined because it is less immediate and much more expensive than the

Other possibilities include converting buses and taxis to run on natural gas or ethanol, both much cleaner fuels than petrol or diesel. The state government is also studying ways of encouraging greater use of public transport. One difficulty, said Mr Fabio

Feldman, São Paulo state environ-

ment secretary, is that public

transport is sourned by the middle classes, who see it as being "for the poor". Although the rodizio reduced car use by 20 per cent,it caused a much smaller move to public transport; rather than get on a bus, most car owners changed schedules, arranged a lift or used a second vehicle.

Natural gas and alcohol present their own problems. Reliable supplies of gas cannot at present be guaranteed: Producing alcohol is itself a polluting process: sugar sphere. Converting to automatic harvesting machines would cost | By Jurek Martin between 500,000 and 800,000 jobs in in Waithington São Paulo state alone.

- Mr Feldman says vehicle use Two experienced senior could be cut overnight by taxes distances yesterday resigned fuels. Car use has risen sharply from Mr Bob Dole's presidensince introduction of a new, stable currency in July 1994 cut the real price of road fuel. But this and other nationwide policies are hard to implement, he says, because of lack of co-ordinated action between environment agencies at municipal state and federal level.

Regulations covering emission standards for naw vehicles, along with the use of sicohol as an add tive to petrol, have succeeded in cutting vehicle emissions of carbon monoxide, for example, by almost 80 per cent since 1980; lead emissions have been cut almost to zero. But the reductions have failed to keep pace with the rising volume of vehicles in the city. It was the volume of vehicles

that was most noticeably affectedby the rodizio. For a few weeks, São Paulo's constantly congested avenues were early free of jams. Since Monday, the congestion has returned with a vengeance.

But the scheme failed to make a big dent on pollntion. Though Cetesb's own estimates show average pollution levels fell, they also show that on some days, the volume of some pollutants rose, particularly in the scheme's first, coldest week. .. Until longer-term solutions are found, it seems Paulistanos will continue to suffer irritated eyes and throats . . and worse.

São Paulo's wheeze fails to clear the air Senior aides to protect harvesters from rezonsharp foliage, a process that dumps tons of particles into the athird

tial campaign team, in a further indication of the deep difficulties facing the candidate, who is running as much as 20 points behind President Bill Clinton.

Mr Don Sipple and Mr Mike Murphy, who had been in charge of media advertising, left rather than accept greater direction from Mr. Scott Reed, the campaign manager, according to Mr Dole's press secretary.

Mr Nelson Warfield said

the parting of the ways was amicable and both had declined an offer to stay in more subordinate capacities. "It was more of an organisational decision," he said.

They left the day that new political TV commercials they had produced began to be aired. One is an unusually long five-minute advertisement, a condensed version of the sentimental film net of trusted advisers, about Mr Dole's life shown ocluding Mr Don Runsfeld, during during last month's he former Republican cabi-Republican convention.

lost Mr Dick Morris, the Robert-Lighthizer, the Washpolitical strategist, to a sex ington trade lawyer.

eran political operatives suches Mr ten Kachigian, the ld Resen hand from Galbrnia, a well as Mr Sipp earlier his year. But his leficit is now so large witi barely to months to go fore electon day that it is led to avid the inferenc that the latest move

smiks of despration. h Sipple an Mr Murphy are being replaced by three oth well-known Republicas media exerts who, acarding to be Warfield, wi be more cosely integred "into the campaign

ractly what new punch try bring to Mr Dole's inge or whether they focus mre on Mr Cliston's pre-saed "character problems rhains to be sein. But at lest the new team will be is strapped for tesh than feir predecessors, following le candidate's acceptance of sout \$62m in federal funds ter his nomination became fficial last month.

Mr Dole has a kitchen cabnet secretary, Mr Robert Staff shake-ups are by no Ellsworth, who had served means unusual in a cam-in previous Republican paign Last week Mr Clinton administrations, and Mr

scandal. Early in 1980, then But day-to-day managecandidate Romald Reagan ment is by Mr Reed, former ditched Mr John Sears, his senior aide to Mr Dole's runhighly regarded campaign ning mate, Mr Jack Kemp, manager, before the New when he was housing ecre-Hampshire primary sent him tary, and Mr John Buckley, en route to the White House: the communications direc-Mr Dole has reshuffled his for, now more established in team before bringing in vet- authority than before.

# Hollywood sees ticket sales tailing off at season's end

By Christopher Parkes in Los Angeles

The sun set early on Hollywood's box office summer this year, in spite of a whirlwind start with Twister and the record-breaking mid-season performance of Inde-

Ticket sales tailed off during the closing weeks of the peak cinemagoing period while the Olympic Games were televised.

much comfort from estimates that

a new box office record of about - nue streams coming from foreign \$2.2hn was set between May 10 and last weekend's Labor Day holi-day - the official end to the sea-

This figure, suggesting a 8 per cent rise in the gross take, will be compared against an increase of almost 10 per cent in the number of films released in the domestic market, and a 0.5 per cent slip in the number of tickets sold.

However, better news may be expected in the coming months as the film-makers add up the revetheatres, video releases and sales of this summer's crop to television

ABC, for example, part of the Walt Disney group, last month bought rights to 11 Warner Bros films in one of biggest deals so far this year. Although the cost depends on the films' ultimate box office results, earlier TV agreeents have broken new ground

Rights to Paramount's Mission: Impossible and Warner Bros'

Twister, for example, are believed to have been sold for \$20m antece. The home video version of Fox's Independence Day, which grossed more than \$280m in its first nine

weeks, goes on sale in mid-Novem-

a powerful range of competitors. Despite disappointments with its Hunchback of Notre Dame, which is falling far short of expectations beightened by The Lion King and Aladdin, Disney has held its lead

in terms of summer market share.

With a 22 per cent slice of the market, its Buena Vista distribution arm was almost 2 percentage points ahead of Warner Bros. according to Dally Variety, the industry newspaper, Independence ber in good time for holiday gift. Day boosted Fox - part of News shoppers, and in competition with . Corporation - into third place

with 17 per cent. Among the also-rans, MCA's Universal found success with a remake of the Jerry Lewis hit. The Nutty Professor. Dragonheart made a modest impact on family audiences, while Flipper flopped.

# **Congress starts** last session before elections

the House Republican lear ership. in particular, s pressing for an efficiend epa-ture of September 27 or 2. The Senate, which moves 1 a more stately thee, could stay open for e fewdays lo-

Republican leader in boh chambers have no lans to belp Mr Bob Dole, he pri-ty's presidential calidae, by trying to ram throigh he tax cuts which are aimtal part of his election platom. Three Republican seabys

may introduce his it per cent across the board lone-tion on to the floor burkey concede the gesture with purely symbolic and vill only he presented afteron-sultation with the Doleam-

campaign appearanceshis week, Mr Dole has noce ably watered down themguage he had been usinin favour of lower taxes, pig-ously presented as the kern a prosperous future and retalised : economy. 'I Wednesday in Iowa described his propose

very small percentage" of a \*\*\*7,000bm economy.

The US Congress returned to Opinion polls – and the session this week mostly. "listening to America" questiment on hisposing of ron tion and answer forums that time budgetary business have been a feature of his before alleving members to latest campaign round – return homeby the end of the month to start running hard for re-election.

The official adjournment date remains thober 4 but the Homse Bestibliers less recording to America. programmes.

The principal order of congressional business is likely to be approval of the 13 departmental appropriations bills; only two of which are now: in legislative form. Agreement on all the remainder is improbable and some "continuing resolu-tions" keeping the government temporarily funded are

therefore likely. . The Republicans, struggling to retain control of both houses, want to avoid at all costs what proved for them a debacle last year the partial closure of the government because of the budget impasse.

. The most controversial outstanding order of busi-ness is the bill curbing ille-In fact, in midwelern gal immigration, still threatened by a presidential veto if provisions denying state education to the children of illegal aliens is retained.

So deep are the cross-party disagreements that the House has been unable so far to name its members of the joint conference committee with the Senate that \$550bn in cuts as "only must approve a final bill

# Whitewater witness may face ail term

Prosecutors investigating ther witnesses or conflicted the Whitewater affair have ith prosecutors perception held Mrs Susan McDougal in the truth. Also, she contempt for refusing to tell a grand jury whether President Bill Clinton lied at her trial AP reports from Little Rock. If Mrs McDougal, the president's former partner in the Whitewater property development, does not answer questions by Monday, she could be sent to jail for up to 18 months. Mrs McDougal said a

Whitewater prosecutor had asked her whether Mr Clinton knew anything about a fraudulent \$300,000 loan, some of which went toward the purchase of land for the Whitewater venture. In a statement Mrs McDougal, she said she did not want to testify because she could be charged with perjury if her truthful testimony was

gued, she chould not be impelled to answer the estions of Whitewater ecutors in a proceeding sed even to her lawyers.

Ars McDougal and her forhusband, Jim, were itners with Mr Clinton his wife in the White-per davelopment project n 1978 until shortly bare Mr Clinton was exted president in 1992. T McDougals, along with forer Governor Jim Guy Tker, were convicted on May 28 on bank fraud and reled charges. Mrs McDougall, was sentenced to two yes in prison in connection wif a \$300,000 loan she recved from Mr David Hal who once accused Mr Clien of putting pressure inconsistent with that of on in to make the loan.

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For the Sale of Shares in the Recski Ércbányák Részvénytársaság (Ore Mines Recsk Co. Ltd.)

The Állami Privatizációs és Vagyonkezelő Részvénytársaság (Hungarian Privatization and State Holding Company, hereinafter APV) is announcing a singleround public tender for the purchase of a share package with a nominal value of HUF 8,010,000,000, which represents 90% of the issued share capital of the Recski Ércbányák Rt. (3245 Recsk, Ércbányatelep), with the obligation to purchase the shares that are not purchased by the company's employees within the framework of a discount purchase scheme (a maximum of 10% of the company's shares). .

Bidders must provide references to the effect that they possess adequate professional expertise in drift mining, ore dressing, and/or non-ferrous metallurgy. Bidders must also demonstrate the total nominal value of the business interests (shares, ownership interests) they have anywhere worldwide in this field on the thirtieth day prior to the submission of bids.

Bids include the following important elements.

- The purchase price is to be paid in cash in a single sum in USD or, in the case of natural persons or a consortium of natural persons who are considered residents in terms of the application of foreign currency regulations, in forints.

Bidders are committed to their bids for ninety days after the submission date.

- When they submit their bids, bidders must deposit a bid guarantee in the form and amount specified in the regulations of the detailed tender announcement.

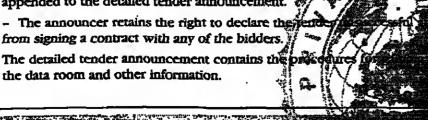
Bidders must submit brief mine feasibility plans and employment policy plans.

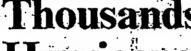
- Bids must be submitted in Hungarian in five counterparts placed in an unmarked sealed envelope (see tender regulations for further details) at the following time and place.

> Between 2:00 p.m. and 4:00 p.m. on 4 November 1996 at the Állami Privatizációs és Vagyonkezelő 1133 Budapest, Pozsonyi út 56. VIII. eme 305.

- Bids will be accepted in the presence of a notary public, in returns receipt will be issued. Bidders must also sign the considerability are in appended to the detailed tender announcement.

from signing a contract with any of the bidders.





# **Hurricane Fran**

AMERICAN NEWS DIGEST 6 188211

With memories of Hurricane Hugo's devastation still fresh, thousands of residents and tourists in South Carolina fled inland yesterday to escape from Hurricane Fran Fran was expected to hit the south-eastern US coast at Georgetown, South Carolina, about 80kiii north if Charleston, at midnight last night. A hurricane warning extends from north of Brunswick. Georgia, to the North. Carolina-Virginia border. On Wednesday afternoon, Governor David Beasley called out the National Guard and ordered half a million people evacuated from the

With winds epproaching 210kph, the storm is as big as Hurricane Hugo in 1989 and has the potential to be as strong, according to the National Weather Service. Hugo caused almost \$3bn in damage and killed 35 people as it tore through the Caribbean and up the East Coast. Most of the damage was in South Carolina. AP, Charleston

## Mexican ruling party denial

The Mexican government was embarrassed yesterday by the publication of photographs which appeared to link a hardline governor of the ruling institutional Revolutionary party (PRI) to a belligerent new guerrilla

Mr Dionisio Pérez Jácome, a government spokesman, said there was no evidence to link members of his party to the Popular Revolutionary Army (EPR), which killed 16 people in attacks last week.

The photograph published in yesterday's papers,

however, shows Mr Roberto Madrazo, controversial governor of Tabasco state, at a political rally last year. flanked by two men who were arrested on Monday on suspicion of being EFR rebels. Mr José García Marin, one of the detained guerrilla suspects, denies being a rebel, . saying he has been a member of the PRI for 22 years. Mr. Madrazo also denied any ties to the new guerrillas.

The denials cut little ice with opposition leaders, who called yesterday for a full investigation into the "suspicious links" between the ruling party and the

EPR.

Leske Grawford, Mexico City

### US to tighten airport security

The US government is putting together airport security measures including computer profiling of passengers, to belp identify potential terrorists, and new advanced bomb-detection equipment, according to officials. The recommendations come from a panel created by President Bill Clinton after TWA flight 800 plunged into the Atlantic Ocean on July 25, killing all 230 people on board. Law enforcement officials suspect e bomb brought the jumbo jet down, although investigators have yet to pinpoint evidence that would conclude definitely it was an act of terrorism.

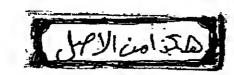
In the aftermath of that tragedy, Mr Clinton appointed Vice President Al Gore to chair the panel and ordered it to report within 45 days on ways to increase security at the nation's apports and airlines. According to industry officials familiar with the panel's recommendations, the

administration plan calls for:

| Rutting advanced bomb-detection devices at more than 50 of the nation's busiest airports at a cost of about \$1m

☐ Spending \$100m, split between government and industry, for research and development of improving

bomb detectors. ☐ Establishing a new computer profiling system aimed at identifying air travellers who might be suspected of terrorism. Under the passenger tracking system, sirlines could identify travellers whose routes and travel patterns Taise suspicion. .... AP, Washington



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# **COMPANIES & MARKETS**

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### IN BRIEF

# **Elf Aquitaine** advances 24%

Elf Aquitaine, the French oil, chemicals and drugs group, reported a slightly higher than expected 24 per cent advance in half-yearly income to FFr3.56bn (\$700m), buoyed by high off prices and increased oil and gas production. Page 17; Anglo-Saxon gloss on French oil results, Page 17

Farm international warns after slide Farm International, the food retailing arm of Singapore-listed Jardine Matheson, warned that its full-year profits would be lower than in 1995 as it unveiled a 61.2 per slump to US\$21.3m at the interim stage. Page 16

Goodman Fielder reports flat year Goodman Fielder, Australia's largest food company and the subject of numerous management changes in recent times, posted flat annual profits of A\$100.7m (US\$80m) but said it was confi dent of an "improved performance" in the current 12 months. Page 18

Carrefour jumps after PriceCostco sale Carrefour, the French retailing group, reported net first-half income more than doubled to FFr2.1bn (\$410m) after taking into account the disposal of its PriceCostco discount chain. The group predicted a similar increase for the full year as it continued to expand internationally.

Seagram hit by MCA acquisition Seagram, the Canadian drinks and entertainment group, slipped to a US\$9m pre-tax loss during May and June, reflecting the effects of its \$5.70n acquisition of the MCA entertainment group in 1995 and what it termed "significant investment spending" in music and entertainment. The latest two-month reporting period reflects a shift in Seagram's fiscal year-end, to the end of June from the end of January. Page 18

Magellan signals return to equities Fidelity Investments' Magellan fund, the largest and most closely watched mutual fund in the US, announced it had made a significant switch from bonds to equities during July. Page 18

Royal Sun to cut 30% of top staff Nearly a third of senior managers at Royal & Sun Alliance, the UK composite meurer, will have left by the time the recently merged group - formed out of the £6bn (\$9.4bn) link-up between Royal Insurance and Sun Alliance completes the integration of its businesses. Page 19

Bangkok hits year's low on detault talk Thailand's SET index dropped 2.6 per cent to a low for the year amid speculation over financial problems among a number of brokerage and finance groups. The Bangkok index lost 27.06 to 1,022.68, down from 1,415 in early February. Page 32

Companies in t	III IBSW		<u>:</u>
Abbey National	7 JP.	Morgan.	
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×.	Eurobond prices	20	Bourses	30,31
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	FT/SEP-A World Indices	32	Short-term intrates	21
٠.	FT Gold Mines Index	28	US Interest rates	20

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# Court rules in favour of UBS

By William Hall In Vienna

Union Bank of Switzerland, after nearly two years of legal disputes with a dissident shareholder group, has finally won court approval to intro-duce a capital structure which will considerably increase its capital raising flexibility.

The Zurich Commercial Court yesterday dismissed a legal challenge by Mr Martin Euner, the Swiss financier and shareholder activist, to annul the decision of UBS's extraordinary general meeting of November 22 1994 which approved the introduction of a single class of bearer share for UBS shareholders.

Mr Ebner, whose BK Vision investment Fund is UBS's biggest shareholder, has waged a long campaign against tha management of Switzerland's higgest bank. He believes the bank's return on capital is too

of London

operation

Bank of China is to set up a

merchant bank in the UK, its

first investment banking oper-

ation in the west and the first

by any Chinese bank in the

An announcement by the

bank in Beijing yesterday said it had appointed Mr Brian

Woolley, a senior capital mar-kets executive wide Citibank since 1984, as manaking direc-tor of the new operation, Bank of China International Mr

Wang Zuebing, Bank of Chi-

na's president, who has set his

institution on a course of

be chairman. The new bank is expected to

have authorised capital of

\$500m, to be subscribed in

tages by its parent. Mr Woolley and other Bank

of China executives declined to comment yesterday, but

bankers in Hong Kong said they had been sware for some time of the planned expansion

into international investment

The aim is to tap opportuni-

ties arising from the large

inflows of foreign direct and

portfolio investment into China. This is likely to involve

underwriting debt and share issues by Chinese entitles,

project and trade finance and

corporate advisory work for western companies seeking to

establish joint ventures in

Bank of China will be able

to capitalise on a high interna-

from the fact that until

recently it was the only Chi-

nese bank allowed to deal in

foreign exchange: But it is also being driven to

expand internationally by

competition from other Chi-

nese banks which are diversi-

fying as a result of recent

reforms of the financial sec-

The profitability of domestic

banking.

international expansion, will

City of London.

has not done enough to to introduce its single share enhance shareholder value. Mr Ebner and Mr Peter Haflaunched lawsuits against UBS and its management claiming, among other things, that UBS

directors led by Mr Robert Stu-

der, UBS chairman, had "wil-

fully damaged the company". The court cases generated con-

iderable adverse publicity for Whila tha latest decision covers only one of the three legal actions set in motion by Mr Ebner it is the most important since it has meant that while it was outstanding UBS could not introduce its share

Mr Ebner has 30 days to decide whether to appeal on the latest decision. UBS said yeaterday that it was extremely pleased with the court's decision and provided

structure as soon as possible. Mr John Leonard of Salomon ter, a Swiss lawyer, have Brothers said the court's decision appeared to "dispose of the one legal action which had the most direct management impact". UBS has the strongest capital of any Swiss bank and has not been under any pressure to raise fresh funds. Nevertheless, the removal of the impertainty over its capital. structure means that it has more flexibility in its capital

> acquisition or merge with another Swiss bank. UBS said yesterday the Zurich commercial court bad ruled that UBS was right to vote the shares in its custody for which it had been granted a proxy. Mr Ehner had argued that the bank's decision to

proposals was against sharebolders' interests. A subsidiary of UBS had bought a large block of registered shares on a forward basis which took effect after the general meet-ing. This reduced Mr Ebner's voting power but the court judged it to be legally correct.

decided not to appeal a court decision refusing his request that there should be a special investigation into the circumstances surrounding the bolding of the 1994 meeting. How-ever, yesterday's decision is raising which could be importhe most important legal settant if it were to mount a large back to date in Mr Ebner's long-running battle with UBS. Although many analysts sympathise with Mr Ebner's criticisms of UBS, yesterday's court decision will add to the growing belief that be may have won the argument but he has lost the battle to change



appeal latest decision

# Last month, Mr Ebner

### Martin Ebner: has 30 days to

### Gaylord chief makes hasty exit Bank of China to in Los Angeles open City



Gaylord's prized assets include Grand Ole Opry - home of country music broadcasting. The genre has blosson with the aid of young stars such as Garth Brooks (above)

A top executive of Nasbville-based Gaylord Entertainment has resigned unexpectedly. The move may resurrect speculation over the sale of the leading purveyor of country and western culture in Mr Richard Evans, chief

operating officer, is leaving to run Huizenga Sports and Entertainment, a Florida sporting group controlled by Mr Wayne Huizenga, founder of the Blockbuster video rental chain now owned by Viacom. He was appointed three years ago to help restore Gaylord's fortunes after ambitious acquisitions strained its resources.

One industry specialist said heads would turn again towards the group's prized assets - which include music cable television networks, theme parks; hotels and the Grand Ole Opry - the historic home of country music broadcasting. The genre has blossomed in recent years crossing international boundaries with the aid of young etars such as Garth Brooks, who has contributed to broadening the appeal of the music. Gaylord's Country Music Television International network has been successful in 50 foreign markets.

CBS, the national TV network recently taken over by Westinghouse, is repeatedly cited as the likeliest prospective partner for Gaylord, CBS has close joint venture links

with the company, and bas said it wanted to add more cable and international capacity to its portfolio. "CBS would be the totally

logical buyer," one banker said, adding that the control ling shareholder. Mr Edward Gaylord, appeared to need no further persuading that a sale made sense". Although his father was active in the company at the time of his death at 101, and the reclusive Mr Gaylord is only in his late seventies, the mergers and acquisitions market has driven up values of entertainment companies.

The concentration of media muscle in a small group of conglomerates has increased the competitive pressures on smaller groups.

In contrast with many, Gay-lord's earnings and revenues have risen during the recession to last year's net profits of \$108m on sales of \$707m. Although the formal announcement of Mr Evans's

departure credited him as a "key contributor" to the group's success, it stressed his efforts to bring professional sports to Nashville. Progress on this front has been slow.

However, Huizenga Sports and Entertainment owns the top baseball, hockey and football teams in the Miami area, plus the city's premier stadium. "If you are looking for reasons why he went, consider that to have three professional teams plus an arena all under one CEO is a once-in-a-lifetime opportunity," Gaylord said.

# Crédit Lyonnais nears new rescue

By Andrew Jack in Paris

The French government is close to agreeing a new rescue plan for Crédit Lyonnais by which the tronbled stateowned banking group is likely to be able to waive most of the heavy costs imposed on it as part of its restructuring deal

agreed last year.
Officials and bank executives are reaching the final stages in discussions about the probable cancellation of the FFr145bn (\$29bn) loan which Crédit Lyonnais was forced to make at belowmarket rates to help finance its restructuring after accumulating losses totalling FFr21bn between 1992 and

The loan, made at 85 per cent of money market rates, cost the bank FFr560m last year and left it with a symbolic profit of just FFr13m for 1995. Without modifications, the rescue plan is expected to cost a further FFr3bn for 1996, dragging It beavily into losses

Falling interest rates over the past year have increased costs for Crédit Lyonnais which has a legacy of residual borrowings at high fixed rates far more than officials anticfpated when they negotiated a rescue plan in 1995. Mr Jean Peyrelevade, wbo

was appointed by the government as chairman of Crédit Lyonnais to sort out its difficulties in late 1993, had threatened to resign by today if the restructuring package was not modified. However, his threat ls

elieved to have been made in July, since when the ministry of economics and finance as well as the prime minister's office have shifted their attitude from one of a hostility towards a realisation of the need to change the plan. Officials are refusing to

comment on the negotiations. partly reflecting internal tensions in the government towards the costs to the Treasury of modifications.

One individual close to the talks yesterday stressed that nothing had yet been finalised, and discussions were still continuing on tha technicalities of the deal as well as any edditional incentives to placate opponents to the change - such as an early commitment to privatisation of the bank.

# **Campbell Soup** restructures and buys German unit tional profile which stems

By Richard Tomkins

Campbell Soup, US maker of announced a \$160m restructuring charge as part of a series of measures aimed at repositioning itself as one of the world's fastest growing food companies

The moves came the day

after Campbell Soup

net profits had risen 26 per

cent to \$180m, helping lift full-

year net profits 15 per cent to

Annual sales rose 6 per cent

The results came out after

the market closed. Yesterday.

Campbell Soup's shares surged

7 per cent to \$72% in early

Two-thirds of Campbell

Soup's sales are in the US,

where its market is largely

David Johnson as chairman

and chief executive in 1990 the

company has been generating

strong profits growth through

acquisitions and expansion

banking business in China is low and since the banking It also announced the acquireforms some 14 Chinese biggest soup company. for \$210m in cash; stock repurbanks as well as a large number of foreign and joint-venture banks bave encroached on Bank of Chichases totalling \$2.5bm; the disposal of non-core businesses with annual sales of \$500m; na's previous foreign and a venture to open Godiva exchange monopoly. Mr Wang said in July the chocolate stores in Japan.

\$802m

trading

Overseas.

to \$7.7bn.

bank was planning to resume commercial operations in Indonesia, Thailand and Malaysia as part of its international push.

. Until now Bank of China has had merchant banking operations only in Hong Kong. Still apparently undecided is the question of whether the two principal investment banking units there, China Development Finance and Bank of China Group Securities, will come under the umbrella of the new UK insti-

Yesterday's announcement which coincided with the signing of a co-operation agreement between Shanghai and the City of London, confirms China'a view of the importance of the City as a financial

However, it also comes as China has been going out of its way to murture close blisteral relations with the UK in the run-up to next year's and other Mexican-style bot ment handover of Hong Kong. sauces, for \$1.04bn in cash.

Soup is buying from the UK'e Grand Metropolitan, makes soups and stews under the coups and sauces, yesterday , Erasco, Gewiko, Jokisch and Jurgen Langbein brand names. It has annual sales of about

\$223m and employs 900 people. Campbell Soup said Ger many was the world's biggest soup market outside the US and Germans ate six times as sition of Erasco, Germany'a much soup per person as Americans. The acquisition of Erasco, it said, would transform Campbell Soup into "a driving force in Europe". Campbell Soup's restructure

ing will cost 650 jobs in North America. Among them, 175 jobs will be shed at the company's Camdan, New Jersey, headquarters; about 200 will be lost through the reconfiguration of a Pepperidge Farm biscuit plant in Lakeland, Florida; and another 100 will be lost through the closure of a ramen noodle factory in Atlanta Georgia.

Mr Johnson told Wall Street analysis at a meeting in New

ding two-thirds of its European food business in a long-overfour international food brands, writes Rod Oram in London.

Campbell Soup's blggest when it bought the Texas-

York that the restructuring would bring an after-tax charge of \$160m in the current quarter, but would result in savings of \$200m over the next mature: Since the arrival of Mr two years. · Grand Metropolitan is shed-

The companies GrandMet recent purchase was in 1994 plans to sell are typically stuck in low-growth national based Pace Foods, the world's markets that offer no potential leading manufacturer of salsa for pan-European develop-

Lex. Page 14

# GENESIS EMERGING **MARKETS FUND** LIMITED

PRELIMINARY RESULTS

for year to 30th June 1996

	1996 US\$	1995 US <b>\$</b>	Change %
Total net assets	459,321,682	374,346,955	+22.7%
Net asset value per Participating Share	17.03	15.27	+11.5%
Earnings per Participating Share	0.067	_	-

A seventh year of solid progress. Net asset value up by 240.6% from inception (6 July 1989) compared to an increase of 52.6% for the Morgan Stanley Capital International World Index, and 32.7% for the IFC Emerging Markets Global Composite Index.

Extensive diversification, with 133 securities held in 39 countries, has demonstrated its value in unsertled markets, controlling fluctuations in asset value.

1996 has so far been a much better year than either 1994 or 1995. Directors believe stock markets of developing countries will continue over time to outperform mainstream stockmarkets, and that the Fund is well placed to benefit from improvement in political and economic conditions in much of the developing world.

Install on behalf of General Emerging Manietts Fund Lindsed by General Investment Management Literated, regulated by IMRO.

That value of shares can fall us well as the. Part performance is not necessarily a guide to the future.



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### COMPANIES AND FINANCE: ASIA-PACIFIC

# Jardine Matheson food arm downbeat

By Louise Lucas in Hong Kong

Dairy Farm International, the food-retailing arm of Singapore-listed Jardine Matheson, yesterday warned that its full- year profits would be lower than in 1995. as it unveiled a 61.2 per

slump at the half-year stage. To counter analysts' forecasts that net profits would be substantially higher than last year's US\$135.2m, the group brought forward its interim results announcethe first six months of the that the worst would be over

Write-offs to

put Kanematsu

By Emiko Terazono in Tokyo

Kaoemetsu, a Japanece

trading house, has warned that it would fall into the red

for the current business year

Kanematsu has been try-

ing to get rid of its "tokkin"

investment trust funds and

money trusts - into which

almost every Japanese cor-

poration placed Its money

during the asset "bubble" of

Although many of the

larger trading companies -

with sufficient financial

strangth - have already

written off investments

made during the late 1980s,

Kanematsu has only man-

aged to do so gradually in small lots. Officials said it

had liquidated part of its

tokkin funds in 1993 and

1994, but had decided to

write off the rest of its losses

The corporation said it

was also trying to rationalise

its businesses and would liq-

uidate about 10 affiliates

although specific companies

Kanematsu, which paid an annual dividend of Y5 per

share in the previous year,

sald part of the extraordi-

nary losses would be covered

by sales of stocks and real

Its full year recurring prof-

its and sales forecasts

remain unchanged with par-

ent recurring profits expec-

per cent to Y3,000bn because

of the elimination of metals

dealings. For the first half to

September, the company will

post non-consolidated net

losses of about Y5bn instead

of the forecast Y800m profit.

had yet to be decided.

the late 1980s.

this year.

time in 12 years.

in Y20bn loss

year, profits attributable to this year. He expects Frank- wait for the outcome of that grown in the past six ordinary chareholders fell lins to start making strategic review." months and that manage-61.2 per cent to \$21.3m. compared with \$55m at the same stage last year.

However, the interim dividend is being held at 1.65 cents, and the total full-year dividend of 6 cents will also be maintained.

The decline was attributed largely to the shake-up at Franklins, the Australian stores. Mr Chris Nelson, chief executive, said the cost of repositioning and restructuring had been much greater ment by three weeks. For than expected, but believed

India poised to

begin electronic

share trading

"respectable" profits in the next 18 months to two years.

Contributing to the fall in profitability were weak performances in Taiwan and the UK, where Dairy Farm is a minority shareholder in discount chain Kwik Save. Despite an increase in sales. interim profits at Kwik Save fell 28 per cent and the company's business strategy is

currently under review. On Dairy Farm's commitment to this holding. Mr Edonard Ettedgui, finance director, said: "We intend to

Analysts have blamed Dairy Farm management for

being elow to respond to changing market conditions. citing Franklins and its slowness in stocking fresh produce as an example. Mr Nelson said that Franklins' problems were exaggerated by the move towards Sunday

We are fast making the changes now. It would have been better maybe if we had lier," he said. He added that Franklins' market share has

ment is now more focused on cost reduction and productivity improvement.

Mr Matthew Haimes, vice-president at Bear Stearns Asia, said that the company was squeezed both in mature markets such as Australia Where there was heavy price competition, and n emerging markets, where high margins are ruled out by international competi-

1.23 cents at the interim



The change has begun, but paper could last for some time

owing to the liquidation of The first paperless trading in loss-making investments and unprofitable affiliates. It will Indian equitles will begin pay oo dividend for the first late next month, although only a few companies have so far confirmed their will-The company said it would ingness to begin the process post an unconsolidated net loss of Y20bn (\$184m) for the of "dematerialising" their current business year to March instead of its projshares, according to Mr C.B. Bhave, managing director of the Netional Securities ected Y2bn net profit owing Depository, India's first and to extraordinary losses of

only registered depository. Mr Bhave said he had urged 20 of India's biggest quoted groups to be among the first to allow settlements through the depository, and expects to start operating with 10 by the last week of

Eight widely-traded companies have already agreed to trade through the depository: Reliance, Bank of India, ACC, Larsen & Toubro, IDBI, ICICI, Siemens

and HDFC. He said 15 institutions, and some of Bombay's big-ger brokers, had also agreed to be "participants" in the depository, acting es the agents through which share certificates will gradually be dematerialised as data transfers replace physical share movements. Replacement of India's

antique and cumbersome system of paper-based share settlement with fully automated book-entry cettlements has been seen as one of the market's most urgent and significant reforms since Indian equities were opened to foreign investors more than three years ago.

The cost and risk of India'e imperfect system of physical share settlement and share registration has been among the greatest deterrents to many foreign investors. notably big US institutional groups, entering the Indian

The NSDL, a joint venture including banks, custodians of the National Stock lead to pricing differentials

Exchange, India's newest between "depository" and exchange, UTI, the country's biggest mutual fund group, "paper" stocks of the same company. and IDBI, the biggest state-"The buyers would be get

ting guaranteed good delivrun term lending institution, has invested Raccom eries and far fewer hassles (\$16.78m) in the depository. than paper settlements, and using adapted Sega software they may be willing to pay a used in Swiss markets. premium for that." Indian law permits multi-ple share depositories, but He said the NSE would be

ready to offer parallel pric-ing of stocks should such the NSDL has stolen several months' lead on any puta-Mr Bhave said it was Mr Bhave said he expected likely to be five to six years

before 50-60 per cent of turnover in the Indian market became paperless. India has more than 7,000 listed companies on more

### tory and said the speed and convenience of trading through the depository could

# Thai group in \$222m credit deal

tive rivals.

By Ted Bardacke

Total Access Communications, Thailand's secondlargest mobile phone operator, yesterday signed a \$222m long-term credit facil-Export Credit Guarantee Department (ECGD) and the Finnish Guarantee Board

The facility, arranged by Chase Manhattan and Citicorp, is the largest financing package to be backed by the telecommunications sector in Thailand, the lenders

Funds from the facility will be used to help finance the purchase by Total Access of cellular telephone

structure equipment worth \$273m from Nokia of Finland and Motorola of the UK.

The facility is divided into two tranches. The ECGD will guarantee 50 per cept of TAC's commercial risk and 100 per cent of Thailand's political risk for a group of 19 international banks providing \$66m.

The signing comes just two days after Moody's, the US credit-rating agency, downgraded Thailand's ehort-term debt rating amid borrowing by leading Thai banks and corporations could lead to a balance-of-

It is the first time that the export credit agencies have taken on Thai corporate risk Thai telecommunications sector, where no masterplan for development or indepen-

institutional investors to

swiftly embrace the deposi-

dent regulatory body exists.

Bankers said that, in spite of the Moody's downgrading. yesterday's facility, coupled with other recent successful overseas debt issues, abows that lenders continue to be interested in long-term That exposure and that borrowers will continue to look overseas for credit, especially given the high interest differential that exists between That and foreign lending

Last month, Thai Farmers Bank, the country's third largest commercial bank, completed a \$200m subordinated Yankee bond issue with a 20-year maturity at a

switching and other infra- in the politically volatile coupon rate of 8.25 per cent - 525 basis points lower than the prime lending rate offered in Bangkok.

The facility for Total Access, the Singapore-listed subsidiary of United Com-munication Industry, Thailand's tenth largest company by market capitalisation, carries a "significantly below-market rate," according to the lenders. An additional \$120m loan from Finnish Export Credit

will be guaranteed by FGB and a group of financial FGB will cover 56 per cent of TAC's commercial risk and 95 per cent of Thailand's political risk, while the pri-

confident despite flat full year

Goodman

By Nikki Tait in Sydney

Goodman Australia's largest food company, yesterday posted another year of flat profits, but said that it was confident of an "improved performance" in the current 12

The company, which has een numerous manage changes recently, made a profit after tax, but before abnormal items, of A\$100.7m (US\$80m) in the twelve months to end-June. This was only marginally up on last time's A\$97.8m. Sales overall rose 2.6 per cent to A\$3.99bn, while earnings per chare - also before abnormals - rose 2.4 per cent to 8.4 cents.

But the group was again. beset by heavy abnormal charges and write-offs, which totalled A\$96.8m before tax, compared with a A\$162.8m charge last time. Goodman said that large tems were a A\$25m writedown of poultry assets, a A\$14.6m charge on the rationalisation of Asian operations, and a A\$13.6m write-down at its gelatin

As a result, after tax and abnormals, Goodman posted a profit of A\$28.3m, comnared with the previous year's A\$52.8m loss. However, Mr David Hearn,

who moved from Britain's United Riscrits to become chief executive a year ago, claimed that the result was a "solid performance in a very difficult environment". In particular, he noted that the rise in wheat prices had added around A\$44m to

Goodman's costs. He also noted that most of the businesses had shown signs of improvement towards the end of the financial year, that there were signs wheat prices had peaked, and that some of the heaviest discounting by Australian retailers might be ebbing.

"Wheat prices will be critical," he said of the current year, "but I'm confident we can make further gains". Mr Hearn added that abnormals should decline in size, although they would probably continue to feature.

The group's strongest gains were posted in the ulls and food service business, which increased profits from A\$31.1m to A\$41.1m, and in the European Foods unit, which made A\$48.5m after A\$81m the previous year.

from A\$87.9m to A\$81.1m under wheat-price pressures. Cereals and snacks were flat at A\$37.6m. Ingrevate lenders will cover 37 per dients slipped from A\$32.2m cent of TAC's commercial to A\$27.7m, while poultry fell to A\$9.6m from \$15.4m.

### **NEWS DIGEST**

# Sanwa Bank in fraud accusation

Sanwa Bank, one of Japan's leading financial institutions, said yesterday it had been the victim of fraud by one of Its branch managers who had embezzled about Y550m (\$5.05m) in depositors' funds. The bank's vice-president, Mr Junichiro Kojima, said it had dismissed the 45-year-old manager of one of its suburban Tokyo branches and had filed a breach of trust complaint against him with police.

The alleged fraud was discovered in April after a tip-off from a customer who became suspicious when he discovered his account had been tampered with. Mr Kojima said the bank had taken measures to prevent imilar frauds from recurring.

The former manager, who is being investigated by colice, is believed to have diverted the money towards loans for other customers, including suspected members of organised crime syndicates. In return he is thought to have received guarantees for loans of up to Y100m.

# WMC improves to A\$386m

Higher production from its nickel and copper operations and better nickel and alumina prices helped WMC, the Australian mining group, to boost after-tax profits by a fifth, to A\$386.2m (US\$306m) in the year to end-June. The result, calculated on an equity-accounted basis, compared with A\$320.8m the previous year. Earnings per share rose from 29 cents to 34.7 cents, and the full year dividend goes up from 20 cents to 22 cents, after e final payout of 11

The improved result owed much to a 26.4 per cent surge in profit from the nickel operations, at A\$314.9m, with production and sales reaching record levels. A second etrong contribution came from the copper-uranium business, where pre-tax profits rose from A\$102m to A\$123.1m. The alumina interests – a joint venture with Alcoa, in which WMC holds a 40 per cent interest - added A\$299.6m against A\$231.4m.

By contrast, the gold division saw its profits by contrast, the gold division as a large successful and gas business – which has since been put up for sale - made a static A\$14.2m. Nikki Tait, Melbourn

# Pacific Concord spin-off plan

Pacific Concord Holding, whose interests span property, manufacturing, wholesaling and telecoms, is the latest Hong Kong company to spin off one of its units in a separate listing. Subject to shareholder and regulatory. approvals, the group aims to hive off its Hong Kong and China property division.

Concord Land will acquire a number of property development and investment assets now held by the parent and its chairman, Mr Wong Sai-chung, valued at HK\$7.70n (US\$996m) at August 28. This will be followed by a subscription and share of sales in the new unit. Banking newcomer Wheelock NatWest Securities has been appointed global co-ordinator for the share offer and sponsor for the proposed listing. Louise Lucus, Hong Kong

### Marui posts 13% interim rise

Marui, the Japanese department store, saw a sharp rise in interim earnings, the result of the remodelling of existing stores and the launch of new outlets. For the six months to July, the retailer reported a 13.3 per cent rise in unconsolidated recurring profits to Y16.4bn (\$151m) while sales increased 2.7 per cent to Y241.3bn. After tax profits rose 10.8 per cent to Y8.8bn.

Mr Tadao Aoi said profits were also helped by cost cotting efforts and interest income on loans to Martin credit cardholders. For the full year to Jamary, Marui expects parent current profits to rise 14.6 per cent to Y31bn and a 2.9 per cent increase in sales to Y500bn. Bmiko Terazono in Tokyo

# Boral declines 30% in year

Profits at Boral, the Australian building materials and nergy group, slumped by 30 per cent to A\$205.7m (US\$163m) after tax in the year to end-June as the housing starts. The profit came on static sales of ASSbn. and was boosted by a A\$16.6m pre-tax abnormal gain. Ahead of tax and abnormals, profits were down by a larger 43.9 per cent, at A\$248.6m. The second half dividend has been cut from 10.5 cents a share, to 7.5 cents as a Nikki Tait, Sydney

September 1996

\$322,000,000



bas merged with

Mitre plc

The undersigned initiated this transaction, assisted in negotiations and acted as financial advisor to SITEL Corporation



June 1996

\$35,000,000



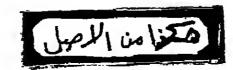
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# **COMPANIES AND FINANCE: EUROPE**

# Elf Aquitaine ahead 24% mid-term

By David Owen in Paris

oil, chemicals and drugs group, yesterday reported a 24 per cent advance in halfyearly income, buoyed by high oil prices and increased oil and gas production.

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Company

· Vision was water

d spin-off plan

July B 

5 to A\$386m

The Parity

the transfer

The result was slightly better than foreshadowed at the company's annual meeting in June, but was less impressive than the 45 per cent profits edvance announced earlier in the week by its rival Total.

reflected in the response of back partly by a more than the market, with Elf shares 50 per cent increase in the closing in Paris down group's income tax expense.

ns every inch an old-fashioned

industrialist, much happier discuss-

ing refining margins than the twists

taine comes across as more of an intellectual type in the best tradi-tions of the elite of French adminis-

But as the heads of the two French

FF12.60 at FF1879.40. Mr Philippe Jaffré, chair-Elf Aquitaine, the French man and chief executive, said progress reflected the "good level of activity in exploration and production and our continued efforts to reduce costs throughout the group".

He said the "strong volatility" experienced in the first six months in the group's principal markets was likely to continue throughout the rest of the year.

FFr2.86bn to FFr3.56bn This appeared to be (\$700m), with the result held

at least 10 per cent.

Philippe Jaffré appear very different tant subject on which they see eye to on a personal level. The Total boss eye: the desirability of a return on

and turns of international power pol-itics. His counterpart at Elf Aqui-Total "should be capable" of joining

oil giants gaze across the futuristic which featured a return on equity of

Mr Thierry Desmarest and Mr blocks, there is at least one impor- achieved in a period of relative buoy-Philippe Jaffré appear very different tant subject on which they see eye to ancy for oil prices. At the company's

eye: the desirability of a return on

equity for their respective groups of

Mr Desmarest spoke this week of

the ranks of international oil convoc-

nies which regularly generate a

return on equity of between 10 and 12 per cent "within three years".

The group's first-half performance,

and chemicals divisions. Exploration and production, whose contribution increased, is subject to a high tax rate. Chemicals, whose contribution fell, has

a lower rate. . Earnings par share climbed 21.5 per cent from FFr10.86 to FFr13.20. Revenues were ahead 4.7 per cent at FFr118.1bn, against Net income rose from FFr112.8bn.

At the operating level, income rose from FFr8.36bn to FFr10.36bn, with much the largest share generated by the exploration and pro-

Anglo-Saxon gloss on French oil results

cent from FFr4.45bn to ness, especially plastics, FF17.23bn.

making operating income of FFr330m, against a loss of contrast, played a stabilising FFr330m in 1995. The result role. Mr Jaffré said activity refining margins. According to Mr. Jaffre,

these margins have seen "dramatic variations from month to month in the first half of the year and this is unlikely to change in the second half".

reference price for Brent crude of

\$16.40 a barrel, return on equity

At Elf, Mr Jaffré has set a similar

objective; achieving "a double digit return on equity by 1996". He yester-

day promised that final 1996 results

should "establish a new stage in the

In 1985, the return on equity achieved by the company was 6.8 per

cent. Although the group did not

would have been 8.4 per cent.

progression towards this goal".

Operating income from

Elf attributed this to the rel-ative contribution of its this division climbed 63 per the basic chemicals busi-exploration and production cent from FFr4.45bn to ness, especially plastics, affected by a fall in demand Refining, marketing and and prices from the levels trading returned to profit, seen in the first half of 1995. Speciality chemicals, by

> was helped by a 29 per cent had stabilised after the improvement in European strong downturn experienced at the end of last year. Income from the health division edged ahead from FFr960m to FFr991m. Sales from the human health and hio-activities units were slightly up from a year ago, but sales of perfume and beauty products fell from chemicals fell sharply from FFr1.64hn to FFr1.56hn.

> > results, it said the rate was "about 8

focusing so clearly on this measure

of corporate performance rather

than, say, turnover growth, is an

encouraging sign for overseas inves-tors - even if the targets are not

It is also another striking indica-

David Owen

tion of how French business is

becoming more attumed to the ways

of the Anglo-Saxon investment

The fact that the two men are

per cent"

ultimately hit.

# Olivetti may seek ally in PC markets

By Andrew Hill in Millan

Olivetti's personal compr subsidiary will not be closed down, its chief executive insisted yesterday, but the company could seek an alliance with competitors to strengthen its position in the difficult PC market.

The Olivetti group is aim-ing to reduce its exposure in the hardware sector and concentrate on its activities in telecommunications, multimedia and computer systems and services. The transformation may be accelerated following the unexpected resignation of Mr Carlo De Benedetti as group chairman on Tnesday.

Mr Bernhard Aner, chief executive of the PC subsidiary since July, tried yesterday to reassure the company's 1.740 employees that management ructions would not jeopardise their future. He denied that the L200bn (\$132.10m) provision included in Olivatti's halfyear results was meant to cover the closure of the PC

business, which is edging back from heavy losses. On Wednesday, Mr Francesco Caio, the new chief executive of the group, told analysis that Olivetti would assess the value of the PC snbsidiary's brand name and market share before

deciding how it would pro-Mr Auer, who has worked at Digital Equipment, IBM and Compaq, said that the most likely solution was an alliance. He refused to comment on whether negotiations had begun, but said that he favoured a deal which would leave the Oli-

"I personally would see the stand-alone possibility as the one which would be most successful." he said in a telephone interview. The PC operation used to

vetti PC brand intact.

be part of the core business of Olivetti under Mr De Benedetti, who transformed the group from an ailing typewriter manufacturer at the end of the 1970s. In the past few years, the

business has atruggled to emerge from losses. It was transformed into a wholly owned subsidiary at the beginning of this year. Following restructuring

by Mr Auer and Mr Corrado Passera, Mr Calo's predecessor, the subsidiary recorded an operating loss of L10bn in the first half of this year, which Mr Caio said this week was a great improve-ment on "the disaster of

Unions still fear, however, that Mr Caio's promise to accelerate "the streamlining process" could lead to further job losses.

# **NEWS DIGEST** Ahold upbeat on year after rise

Ahold, the Netherlands-based food retailer, yesterday reported first half net profits up 17 per cent, from F1 222. Im to F1 259,7m (\$156m), and reiterated an earlier forecast of higher full-year results. The group, whose sales advanced from F1 15.3bn to F1 17.8bn, reported an increase in operating profit from Fl 434.7m to Fl 517.6m, and said its recent acquisition of the US retail group Stop & Shop would serve as a further stimulus to earnings growth.

The group raised Fl 3bn on world equity markets in July to finance the deal. It said: "Goodwill write-off will initially have an acceptable negative impact on the equity ratio," but added that the acquisition was expected to positively impact on further growth of earnings per

Abold's per share net profit advanced from FI 1.82 for the first half of last year to Fl 2.07 this year. Ahold said second-quarter profits were ahead 18 per cent to FI 121.3m in line with most analysts' expectations.

# In-store banks for Portugal

Banco Comercial Portugués and Jerónimo Martins, Portugal'a second-largest financial and retail distribution groups respectively, are to launch a new bank this year to sell financial services through in-store branches located in JM's supermarket and cash and carry outlets.

The bank, which will be owned in equal parts by the

two groups, will operate under an existing banking licence for Banco Comercial de Macau, a small bank that BCP acquired when it took over Banco Portuguès do Atlantico last year. The new bank is expected to show a positive turn on investment by early 1998.

CGS confident of advance

Peter Wise, Lisbon

Cap Gemini Sogeti, the

French software group,

posted first-half net

FFr136m (\$26.8m).

attributable profits of

Operating profits were

FFr406m on turnover of

FFr5.67bn, compared with FFr5.49bn. It said net attributable profit for the

full-year 1996 should show

a clear advance from the

Excluding write-down of

FFr136m were 2.7 greater

than a year ago. Taking

FFr52m made in 1995.

goodwill, first-half net

attributable profits of

into account the

# La Défense akyline, west of Paris, at 9.9 per cent, already puts it within formally publish a return on equity one another's gleaming tower striking distance. But this has been figure with yesterday's half-year Lufthansa risks hijack on way to McDonald's

Airline looks intent on cutting labour costs as tough wage talks start, says Wolfgang Münchau

Tt is rare for a chairman ing Lufthansa on a number to discuss publicly the precise conditions under which his company could go bust. But Mr Jürgen Wsber, chairman of Lufthansa, did precisely this in an interviaw this week, when he said that Lufthansa faced only two alternatives: either it went out of business or itpersuaded trade tinious to inquiry into the prices Laut-

allow costs to be cut.

because Lufthansa is seek-. ing significant concessions on working conditions and of its domestic seat capacity pay, while the trade unions, is used. This has prompted under heavy pressure from a Mr Weber to suggest that the demoralised staff, have sig airline may use subcontrac-nalled "a hot eutumn", toss for non-core routes on which is shorthand for which Lufthansa is too For Lufthansa's financial

Luithansa's verbal toughthe company is facing en squeeze. Competitors are closing in and cutting prices.

British Airways has just cut

ing some from Munich and Düsseldorf airports, two of the country's busiest.

retained a domestic monopoly, as in Frankfort, it is coming under pressure from the Faderal Cartel Office, which this week launched an hansa charges on its Frank-The comments partially furt-Berlin route, which are

Monday - of the next wage Lufthansa, which in turn round. This round promises to be the French are using public exceptionally difficult subsidy to buy market share. One of Luithansa's problems is that only about half airline may use subcontrac-

expensive too compete.\_\_\_ The airline retains a numperformance, the outcome of ber of formidable labour con-these talks is crucial. tracts from its state-owned days, which guarantee staff ness comes at a time when not only an above-average wage level but also working unprecedented commercial conditions that are far more generous than elsewhere in the industry.

Staff receive eight weeks' prices on routes to the US; in holiday - including bank Germany, Deutsche BA, a BA subsidiary, is challeng- age fewer than 40 hours per

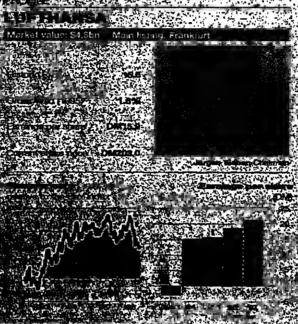
week. Mr Waber said in an of profitable routes, includ- interview with Stern magazina that, "compared with British Airways, our main where Lufthansa has labour costs of DM50 (\$34), while in England they pay DM20. There is no way that you can compensate this, however much higher (your) productivity." One way to cut costs would be to use more and

renect the hubris that is 25 per cent higher than those franchise basis; these would increasingly characteristic of on routes, where Luthiansa one the Luthiansa, name. German company chiefs as: faces domestic competition. They are also elsewhere in Europe. Air atrine's equivalent of closastutely timed to coincida. France has emerged as a particularly flerce connection. more subcontractors on a ing a factory, and shifting financial performance this production to eastern year, close to the DM750m in This is the beckground test in 1996.

The financial performance this production to eastern year, close to the DM750m in This is the beckground against which the company starts the crucial pay round occur on a franchise basis, just like McDonald's", a he was sceptical about Luft-powerful clerical unions, company, west. German labour unions tend to loathe because of its largely nonunionised nature

> rom the point of view of the shareholder, Mr Weber's threats reflect both a willingness on the part of Lufthansa to act, but equally an admission of genuine difficulties shead. Tha rapid, change in the commercial environment. and especially the fast fall in ticket prices, renders an airlina's financial performance difficult to forecast.

First-half profits were traffic next year.
down 37 per cent to DM119m As the era of



he was sceptical about Luft-hansa's pessimistic long-run forecasts in the light of such a stable actual performance. "At this company there is always a difference between

actual data and projected data, and they don't often match. We will have to look at these data very carefully." he said Lufthansa is left with little

choice but to adjust its cost base as a means to drive up profits. Competition has been intensifying and is likaly to increase further after the almost total deregulation of EU commercial air

As the era of monopoly (\$30m), although Mr Weber and oligopoly pricing nears expects a reasonably good an end, Lufthansa will gradDAG, the white collar union, and OTY, the public sector

If Lufthansa fails to make significant progress et the talks, the much celebrated financial turnround last year will look increeeingly

union, whose very presence at Lufthansa itself is e

reminder of the company's

Cap Gemini

Share price relative

write-down of goodwill, the group posted a net attributable profit of FFr84m compared with a FFr19m loss last time. It said the second half should confirm the improving trend in operating margins in computing services and Gemini Consulting. Tag Heuer files prospectus

yesterday filed the pathfinder prospectus for its international share offering, and book-building is due to start early next week. The price range is expected to be between SFr215 and SFr245 per share, valuing the company at SFr1.2bn to SFr1.3bn (\$995m-\$1.06bn). The company is looking to raise more than SFr400m in

ordinary stock and American Depositary Shares in Zurich and New York. Some SFr300m will be issued as primary shares and SFr120m will come from the sale of existing Salomon Brothers and SBC Warburg are acting as joint

Tag Heuer, the Swiss luxury sports watch maker,

global co-ordinators of the flotation; Salomon Brothers International and SBC Warburg will be joint bookrunners for the international tranche and Salomon Brothers Inc. will act as bookrunner for the US tranche. They plan to raise about 50 per cent of the funds in the

US market, with the rest coming from an international placing. Pricing will take place on September 30. Recent months have seen well-received share offerings for several luxury-goods companies, including Gucci, Bulgari, Harvey Nichols and Sachs Fifth Avenue. Conner Middelmann

# 4.3% halfway

By David Owen

group 27.7 per cent-owned by Cerus, Mr Carlo De Benedetti's French holding company, yesterday reported a 4.3 per cent advance in firsthalf net profits to FFr656m (\$129.38m).

The scale of the increase was substantially lessened by the inclusion in first-half 1995 figures of a FFr180m capital gain arising from a deal with Germany's Sie-mens. Excluding this gain. the half-yearly figure rose an impressive 31 per cent.

The announcement came a day after Mr Franck Borotra, the French industry minister, triggered renewed speculation of an imminent sale of the Cerus shares by suggest-ing a French offer for the stake would be made by the end of September. Cerus shares climbed

strongly yesterday on expectation of a deal, closing in Paris at FFr109.80 - a gain of FFr11.30 or 11.5 per cent. Valeo shares also rose a more subdued FFr4.50, or 1.7 per cent, to FFr262.50. Mr Noël Goutard, Valeo chairman, seemed reluctant to comment on the speculation. He said he had not contacted Mr Borotra after his comments. "We are not hyper reactive", he said

comes in a week in which Valeo, the French Mr De Benedetti resigned as automotive components chairman of Olivetti, tha Italian electronics group, following a surprise emergency board meeting. The Italian industrialist had run the group since 1978. Mr Goutard said that

while the second half had started well for Valeo, there could be a marked finalquarter alowdown in -its home market of France if e government incentive scheme for new car buyers ended on schedule on September 30.

. There has been mounting speculation in recent weeks that the government, which is increasingly desperate to atimulate France's waak economy, might extend the

New car registrations in August were nearly 30 per cent ahead of year-ago levels, with more than 30 per cent of orders said to have been linked to the scheme. "There is a question-mark over the final quarter," Mr

Goutard said. "Wa are pre-

paring [for a slowdown] without being certain it will happen." The group's first-half turnover increased nearly 16 per cent from FFr18.02bn to FFr15.06bn, with interna-tional sales performing particularly strongly.

# Valeo advances | Carrefour ahead sharply on sale

Carrefour, the French retailing group, yesterday revealed net first-half income more than doubled at FFr2.1bn (\$410m) after including the disposal of its PriceCostco discount chain. Net income excluding

exceptionals rose 20 per cent to FFr1.2bn for the first half as it continued its programme of international expansion.

exceptional gain of FF1936m, which was largely due to the sale of PriceCostco. This compared with an exceptional loss in the first half last year of FFr84m.

growth in the unemploy-ment rate and the numerous tax reductions heve not increased consumption."

its competitors from opening new stores after a freeze on retail centres, introduced by the government in the past few months. In addition, Mr Bernard

In France, Carrefour has been restricted along with

said that the "mad cow" crisis had helped depress domestic sales during the FFr886m.

second quarter of this . However, the group had continued an ambitious programme of foreign expansion. "Our market is the world, and our international know-how allows us to open shops in many countries at the same time," he said. During the first six

months of the year, it opened nine new stores. on sales up 7 per cent to opened nine new stores, FFr72.5bn. The group predicted it would report a similar Brazil and Maxico; one including two each in Argenflar increase for the full year in Malaysia, one in Thailand and one in Spain. That brought its total to 254 around the world, of which Carrefour reported an just 117 are in France and another 59 elsewhere in Europa.

Carrefour said that it intended to open about 30 stores during 1996, including 15-16 in South and Central Mr Daniel Bernard, chair America, 8-10 in Asia and man, said that "the general five in Europe - with an economic climata, the additional four in Spain and one in Italy.

For 1997, it had earmarked Poland, Indonesia and Singapore as new countries for expension. During the first half, the

group's commercial margin increased 13 per cent to FFr13.96bn. General costs ware up 11 per cent to FFr10.9bn Provisions and depreciation increased 15 per cent to FFr2bn, and other charges by 27 per cent to

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August 1996

# COMPANIES AND FINANCE: THE AMERICAS

# Seagram hit by MCA acquisition costs Magellan

in New York

Seagram, the Canedian drinks and entertainment group, slipped to a \$9m pretax loss during May and June, reflecting the effects of its acquisition of MCA in 1995 and what it termed "significant investment spending" in music and entertain-

The high price of the MCA deal, and Seagram's attempts to make its pur-

Buoyant capital markets and

iower loen losses belped

Royal Bank of Canada and

Canadian Imperial Bank of

Commerce, the country's

two blggest financial institu-

tions, post unexpectedly

strong third-quarter earn-

Royal's net earnings

ciimbed 12 per cent to C\$358m (US\$261.3), or C\$1.02

a share, in the three months

to July 31, from C\$319m, or

CIBC enjoyed a 24 per cent

increase to C\$336m, or C\$1.50

a share, from C\$270m, or

exceeded most analyats'

estimates, followed the

pattern set by Canada's

other domestic banks which

have reported over the past

10 days. While the banks'

business is expected to

remain buoyant for the

foreseeable future, analysts

say the rate of increase

in profits will slow markedly

J. P. Morgan, the New York-based investment bank which advised

MGM management on its recent

buy-out of the film and television

group, is reinforcing its position in

the Los Angeles entertainment sec-

Ms Tracy Hampton, who helped

engineer the \$1.3bn deal linking the

studio's management with veteran

financier Mr Kirk Kerkorian and

Australia's Seven television net-

work, is to move from the firm's

Ms Hampton's transfer, which was

Chicago office to Los Angeles.

By Christopher Parkes

In Los Angeles

The advances. which

88 cents, a year earlier.

By Bernard Simon

in Toronto

the past year. The shares gained \$% in morning trading in New York yesterday. to \$33%, but remain about 10 per cent below their level of a year ago.

The latest two-month reporting period reflects a shift in Seagram's fiscal year-end, to the end of June from the and of January. Comparisons with 1995 are also complicated by the acquisition of MCA in June 1995 and the Dole fruit juices

Royal Bank of Canada

Share price relative to the

starting on November L

Mr Kevin Choquette, ana-

lyst at Levesque Beaubien in

Toronto, said year-on-year

earnings may drop in some

quarters, Banks' share prices

are slightly below the peaks

reached earlier this summer. The banks' ability to

sustain the recent advances

in underwriting, trading

and other investment bank-

ing activities is limited.

They have also benefited

from an unusually steep

landmark office and entertainment

complex in Century City, marks

another stage in the bank's efforts to

gain influence in the volatile west

Her main role will be to develop

new business in entertainment,

media and multimedia, as well as

the retailing and recreation sectors.

tainment for Ms Hampton, who

spent her first seven years with the

bank covering the industry in New

The move marks a return to enter-

coast show husiness market.

in the 1997 fiscal year, yield curve, with a wide

operating cash flow of \$214m on revenues of \$2.5bn for the two-month period, compared with cash flow of \$188m on revenues of \$1.4bn in the comparable period in 1995.

The interest and depreciation charges stemming from the \$5.7bn purchase of MCA. however, helped to turn the \$102m pre-tax profit from the year before to a loss this time round.

On a comparable basis. Seagram said MCA's operating cash flow had fallen 19

Markets trading buoys Canadian banks

spread between ehort-term

deposit rates and long-term

Royal boosted return on

equity to 17.2 per cent from

16.4 per cent. But return on

assets was slightly lower.

Assets grew 14 per cent to C\$201.1bn on July 31, largely

because of a 41 per cent

jump in residential mortgage

Loan loss provisions fell

C\$30m to C\$110m. Earnings

were also helped by pre-tax

proceeds of C\$16m from the

JP Morgan looks to raise LA star profile

J. P. Morgan is close to buying a vast active in the high-technology, health

lending returns.

year, to \$88m. That reflected \$8m to \$24m. investment in new music artists and record labels, as well as marketing tax dispute with the Internal spending to promote new Revenus Service resulted in attractions at the Universal Studios theme parks, Mr

Seagram's wine and spirits business, on the other hand, succeeded in stemming its aarnings decline of recent quarters, recording a \$1m 1995, the company made increase in cash flow, to after-tax profits of \$58m, or \$102m. Cash generated by

sale of emerging market

portfolio shrank 15 per cent

from the previous quarter, to

some time that it is keen to

expand in the US, but has

been discouraged by high

asking prices, It announced

a deal last week to acquire

Richardson Greenshields, a

Canadian securities firm, for

C\$535m on July 31.

The non-performing loan

Royal has indicated for

bonds.

care and aerospace sectors.

The bank's relative lack of experi-

ence among the region's entertain-

ment companies left it last year with

only a 12 per cent share of US media

and communications industry loans,

compared with Chase Manhattan's

Apart from the MGM deal, its only

other notable recent roles have been

as adviser to Westinghouse on media

acquisitions, including that of the

30 per cent, according to industry

Edgar Bronfman, chairman,

The company recorded per cent from the previous the fruit juices business rose

A auccessful appeal against an earlier rolling in a a \$65m tax credit for the latest period. This enabled Seagram to record an aftertax profit for the two-month period. Net income, after minority interests, came to \$62m; or 17 cents a share. Por the comparable period in

and costly moves in recent

years into global derivatives and high-yield debt markets

The bank's return on

from 13.7 per cent. Assets

fell to C\$120m from C\$170m.

The non-performing loan

seven years, from C\$1.07bn

Canadian banks' strong

performance in recent years

has come at the price of crit-

icism of "excessive" profits

and over-restrictive lending

spelling out their sizeable

of small business customers.

gram, Ms Hampton said the bank's closely-watched syndication of a

\$800m loan to finance the deal was

proceeding on schedule. She said the

huy-out was expected to close on

have also been busy in the Los

Angeles property market, last year

advising investors on the purchase

of two well-placed office blocks in

The focus of attention is Century

Plaza Towers, which includes two

Beverly Hills and Santa Monica.

Meanwhile, J. P. Morgan affiliates

time, on October 1.

three months earlier.

C\$1bn each.

bottom-line earnings.

# signals switch back to equities

By John Authors in New York

Fidelity Magellan, the largest and most closely watched mutual fund in the US, yesterday announced it had made a significant switch from bonds to equi-

ties in July. The move by Mr Robert Stansky, who took over as manager on the resignation of Mr Jeffrey Vinik in May, confirmed he was moving Magellan away from its heavy shift into bonds at the end of last year. This was regarded by the markets as an unsuccessful bet: that

had begun contributing to equity prices would fall. Industry estimates also equity rose to 16.8 per cent released yesterday suggest Magellan suffered net cash rose 17 per cent to C\$190.4hn. Provisions for loan losses outflows, caused by inves-tors redeeming their holdings, of \$580m during August - about 1 per cent of portfolio fell to C\$956m on July 31, its lowest level in the fund's \$51.9bn asset ASJEC

Ontflows were much lower than in July, when net redemptions were \$960m, suggesting the fund is regaining investor confidence following the fall-out of Mr Vinik's departure.

However, the figures, posted on Fidelity's World policies. Four of the banks are expected to post fiscal 1996 earnings of more than Wide Web site, showed that Mr Stansky was taking a gradualist approach to restructuring the portfolio. They have been at pains in latest quarterly statements to defuse the criticism by The total weighting in US government bonds was cut from 18.1 per cent to 15.6 tax provisions and support per cent, having reached 19.4 per cent undar Mr Several hanks have also appointed ombudsmen in the Vinik. A year earlier, less 3480m. past year in an effort to CIBC said its ambitions improve their public image. than 1 per cent of the fund was in bonds.

Most of this money went into technology stocks, whose weighting was increased from 3.6 to 5.5 per cent. High-technology companies had been one of the main motors of the fund'e growth under Mr Vinik...

Mr Stansky also marginally increased the fund's weighting in energy stocks, which Mr Vinik had doubled in his last three months as manager.

· Takeover speculation yesterday surrounded Keystone Investments, another Bostom-based mutual fund mansent group, which has \$11.6bn in assets under management. First Union. the North Carolina-based bank, refused to confirm reports it was in talks to acquire the company.

### NEWS DIGEST

# Hughes in talks on buying PanAmSat

Hughes Electronics, which controls the world's largest fleet of private communications satellites, is negotiating to huy PanAmSat which operates four satellites covering almost 100 countries. Although the companies refused to comment, the Californian concern – a General Motors subsidiary – has made no secret of its ambitions to acquire more capacity.

its Galaxy network of satellites covers the whole of the US, while DirecTV, a separate operation, is the country's leading provider of direct-to-home broadcasting. Meanwhile, its satellite-building operations have a 60 per cent share of the global market. Tha opportunity to buy PanAmSat arose lata last year following the death of its founder Mr Rene Anselmo and an announcement in April that Mexico's Televisa group wanted to cash in its 40.5 per cent stake.

According to media reports, Hughes has offered a stock and cash deal valuing the target at almost \$3bn. The proposed price is less than the \$4bn-plus valuation of some analysts, and may reflect heavy capital gain tax burdens faced by Televisa.

Negotiations could also be complicated by a history of strife between the charismatic Mr Anselmo and Hughes executives. After one row late in his life, Mr Anselmo refused to buy any more satellites from Hughes, and switched to Loral. Mr Anselmo's heirs also control 40.5 per cent of the stock, but they have the right to elect three PanAmSat directors compared with Televisa's two, and ultimately control the company's fate. Christopher Parkes, Los Angeles

### US accountancy firms ahead

The top 100 US accountancy firms saw revenues grow by 12.9 per cent during the last year, according to the annual survey by Public Accounting Report, the profession newsletter. The figures are the best in recent years and natch a similar upturn in the UK.

Strong growth in 1996 compares with a 9.7 per cent ncrease in 1995, 4.9 per cent in 1994, and 3.9 per cent in 1993. The Big Six firms led with a 13.4 per cent rise, according to the survey, which is based on the latest fiscal year results. However, many second-tier firms performed as well - 45 of the top 100 recorded double-digit growth Growth among the smallest firms - those with revenues of less than \$10m - was the weakest, at 8.1 per

Another growth indicator for the top 100 was a 10 per cent rise in average net revenue per partner, to \$1.52m. The dominance of the Big Six firms was maintained, with combined growth in revenues of the top two - Andersen Worldwide and Ernst & Young - reaching \$974m, which accounts for 47 per cent of the growth figure for the entire top 100. While the general pick-up in the US economy has helped lift revenues, mergers and the exploitation of niche markets has belped smaller firms;

Jim Kelly, Accountancy Correspondent

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No. of the Land

# Newbridge in wireless cable

Newbridge, the Canadian network equipment maker, is entering the wireless cable sector by buying a minority interest in a smaller Canadian specialised equipment firm. Newbridge said the deal was worth C\$30m-\$50m (US\$21.8m-\$36.5m), but it would not identify the firm. It's a leader in technology to help break the logiam of voice, video and Internet traffic facing the big telecommunications carriers," Newbridge said.

It is also looking at another company with technology allowing two-way video conferencing on the Internet. Newbridge recently bought OST, a specialised equipment maker in France, to bolster its European operations. It has also signed a volume purchasing pact with Matsushifa to supply LAN and other network products to Japan. Robert Gibbens, Montreal

### **DANONE GROUP SALES AND EARNINGS** RISE IN THE FIRST HALF OF 1996

	half 1995	1st half 1996	Rise
Sales	39,961	41,591	+ 4.1%
Operating income	3,549	3,701	+ 4.3%
Net income (excl. Minority interests)	1,695	1,734	+ 2.3%
Net income at identical tax rate			+ 5.1%

The DANONE Board of Directors approved consolidated financial statements for the six months to June 30, 1996 after due review by the Statutory Auditors.

DANONE Group sales for the first half showed a rise of 4.1%, while operating income (i.e., before interest expense and income taxes) was up a steeper 4.3%.

This reflects both gains in existing business and first consolidation of business outside Europe. The latter includes biscuit-making in China and dairy products in eastern Europe and Argentina.

Operating margin (i.e., operating income as percentage of sales) stood at 8.9%, an improvement from the 8.8% recorded full year in 1995 and on a par with the figure

Operating income from business outside western Europe rose 26.4% to make a significantly larger contribution to the consolidated total.

Comparison of net income with that for the same period of 1995 is affected by the increase in French tax rates last year, which applied to the whole year but was recorded only in the second-half of 1995. After adjustment for this factor, net income for the first half of 1996 showed e 5.1% increase.

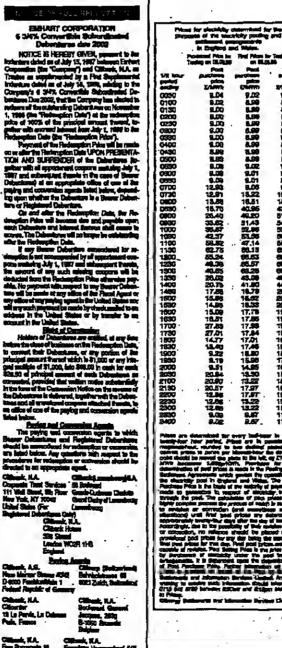
In view of these results, the Group continues to expect a full-year rise of 6% in net income for 1996.

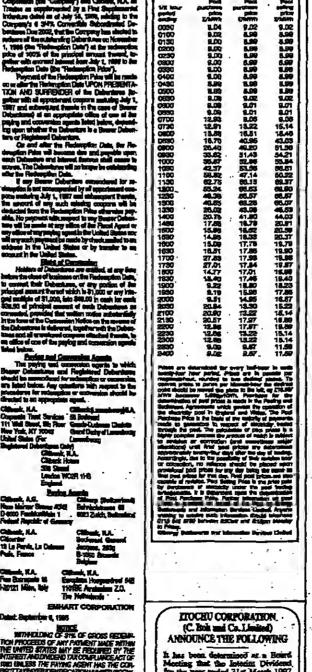
Operating income by division is as follows:

(FF millions)	1st half 1995	1st half 1996
Western Europe		
Dairy Products Grocery products & pas	979	1,051
Grocery products & pas	ta 527	499
Biscuits	328	343
Beer	481	458
Mineral Water	521	543
Containers	360	364
International	360	455
Operating income of di	visions 3,556	3,713
Unallocated expense	(7)	(12)
Group operating incom	e 3,549	3,701

In 1996, a certain number of unallocated expense items were reclassified at division level. To allow comparison, 1995 operating income by division given above has been adjusted on the same basis.

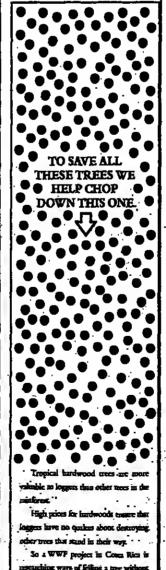
### 44-storey towers with 2.25m sq ft of space. The estimated price of more York. She later moved to Chicago as CBS television network. In spite of continued sniping over a generalist. J. P. Morgan's part in scooping MGM than \$450m would make it the big-J. P. Morgan's investment banking gest property transaction in the US. team in Los Angeles, which will from under the noses of News Corpoannounced amid reports that grow to five with her arrival, is also ration and Netherlands-based Polying Debut and the se





Meeting that the interim Dividend for the year tuded 31st March 1997 shall be paid to Starcholders of final revoys as of 30th September 1996 and that the amount and time of remaining that I have a final that the amount and time of remaining that I have a final that the second stall he was to be a final to be seen and time of small he was the second stall he was th the amount and time of payment the amount and time of payment thereof shall be decided at a Board Meeting to be hald the middle November 1996.

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escaphing ways of felling a tree without beinging down several others around it. And how to scutore it without helikoring s out drough the suscending trees. If the minforests are used wisely, they can be used forever. Help WWF prove dek in minimum around the world, by writing to the Membership Officer of the



NOTICE TO THE HOLDERS OF THE 91/2 PER CENT. CONVERTIBLE CAPITAL BONDS DUE 2006 ASH CAPITAL FINANCE (TERSEY) LIMITED reported in Jersey with limited liability with registered number 49926)

(the "Boudholders", the "Bonds" and the "Issuer" respectively) gomenteed on a subordinated basis by, and formedy convertible into ordinary phenes of, AUTOMATED SECURITY (HOLDINGS) PLC ("ASH") (Incorporated in England with limited liability with registered number 32.1639)

and now also guaranteed on a subordinated bas by, and convertible into common shares of, ADT LIMITED ("ADT")

(Incorporated in Bernauda with limited liability with registered number EC-10930) NOTICE IS HEREBY GIVEN to the Bondholders pu

that the scheme of arrangement referred to in the notice to Bondholders dated 23rd July, 1996 (the "July notice") pursuant to which ADT proposed to acquire the whole of the inseed share capital of ASH became effective on 5th September, 1996 so that ASH is now a wholly-

owned subsidiary of ADT: and that accordingly the arrangements relating to the Bonds agreed with The Law Debenture Trust Corporation p.l.c. (the "Trustee") as trustee for the Bondholders and described in the July notice have become

effective so that, inter alia: ADT has been substituted in place of ASH as the Goat in respect of the Bonds and the party into whose share canital the Conversion and Exchange Rights of the Bonds are exercisable and has executed a Deed Poll (replacing that of ASH which ceased to have effect on 5th Separather, 1996) in which it guarantees the due and punctual payment in full of all redemption moneys; dividends and other amounts payable to respect of the Preference Shares of the Issuer and dertakes to exchange them for common shares of ADT;

ASK has given an additional subordinated guarantee in the Bonds are with effect on and after 6th September, 1996 and up to and including the several business day prior to the Masurity Date (as defined in Condition 9(a) of the Bonds) in effect convenible into common shares of ADT at the Exchange Price of £76.66 per common share; and

certain other related and consequential modifications is been made to the Terms and Conditions of the Boads.

Copies of the Principal Trust Deed dated 31st May; 1991 constituting the Bonds, the First Supplemental Trust Deed dated 19th July, 1996 giving effect to the above-mentioned arrangements, the amended Articles of Association of the Issuer, the Deed Poll of ADT, the First Supplemental Agency Agreement and the Bye-Laws of ADT are available for inspection by Bondholders during normal business hours at the registered office for the time being of the Trustee and at the specified of each of the Paying and Conversion Agents and the Registrar. Bonds in bearer form and coming

stes for Bonds in registered form will continu to be valid for all purposes and will not be called in for replace PAYING AND CONVERSION AGENTS

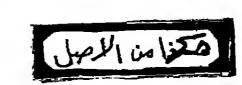
Morgan Guaranty Trust Company of New York, Assenne des Arts 35 P.O. Box 1108. REGISTRAR TRUSTICE Lloyds Bank Registre Antholia House

71 Quecia Street.

The Law Debenture Total Corporation p.l.c., Princes House. 95 Greshum Street

Dated 6th September, 1996

ned by ASH Capital F



### THE MORGAN GRENFELL AFFAIR

more unlisted companies

and shuffled around his

gan Grenfell. He transferred

shares to these new holding

companies at a discount,

which created the impres

sion that the holdings were

"It is unforgiveable: he failed to do what he said be

would; he did the opposite and he deliberately hid it."

said Mr. Michael Dobson,

chief executive of Deutsche

Morgan . Grenfell. "He

thought in some crazy way

that he was going to maxim

ignoring his bosses.

the Investment Manag

nection with MGAM.

ise value for investors by

detect Mr Young. The Secu-

rities and Futures Authority.

which bad been inquiring

into Fiba since May, alerted

July 15 that there was a con-

On August 21, the SFA

and Imro paid a joint visit to

Morgan Grenfell Interna-

tional Funds Management,

the management company

for European Growth. On

August 27, the case was

passed to Imro's enforce-

ment division, which began monitoring Mr Young. On

Angust 29, Mr Young was

formally interviewed, and

MGAM and Imro discovered

that the unlisted securities

day. Deutsche Bank injected

£93m to buy out suspect

securities linked to Fiba Nor-

dic to enable the affected

funds to continue trading. It

then began analysing the

portfolio. It quickly became

apparent that the portfolio

was worse than first

appeared. Deutsche Bank

was to have to make a fur-

last resort, on Monday, Imro

ordered the suspension of

The following day, last Fri-

were suspect.

falling in value.

The crisis at Morgan Grenfell stemmed from an unshakeable belief by fund manager Peter Young in a strategy based on the performance of high-tech stocks.

His single-mindedness led to a web of holding companies registered in Luxembourg and an alarming increase in risky investments. FT reporters investigate

# Complex tangle hid truth

· Granfell's humiliation arises from a tangle of shell companies registered in Luxembourg, Swiss law firms and obscure stockbrokers.

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firms ahead

'It was a structure too complex for MG Asset Management executives to grasp. They first became alarmed about investments by Mr Peter Young, the fund manager at the heart of the scandal, in April 1996 but thought be could remedy the problem. MGAM continued for a further four months to sell to the public units in funds managed by him.

In May 1994, two years after joining Morgan Gren fell, Mr Young took over management of European Growth Trust, the largest of the three funds suspended this week, and an outstand-

Mr Young was a passionate advocate of its strategy. His firm beliaf, and his apparent desire to maintain European Growth's performance, led him to make extraordinarily risky investments in high-tech companies, whose revenues were more promise than fact. Fiba Nordic Securities, a stockbroker, bandled many of In order to keep these ing companies, which in promising but fragile compa-turn own most of Fibe Nornies affoat, he continued to inject funds and build up his stakes. But then, in 1995, he began to bump against a City regulation which limits a fund'e holdings to 10 per cent of any company. To circumvent the rule, he

funneled further invest-

turn own most of Fibe Nordic. Fiba, as well as selling shares to MGAM, is responsible for some of the valuations of unlisted securities which, having boosted the performance of European Growth, are now being ques-

engine blocks. Although the company had no significant sales, European Growth built up a stake which gave it 9.97 per cent of the voting shares of SinterCast by November 1995 Confronted with the 10 per

cent limit on holdings, Mr Moreover, Mr Wiler and Young used two unlisted

Ironically, all the pressure on this fund manager came from himself. He had a good track record and made a lot of money for investors. He put a lot of pressure on himself to continue that performance.

Michael Dobson, chief executive, Deutsche Morgan Grenfell

ments through an intricate web of Luxembourg holding companies. Most of thesa shell companies were connected with Fiba through a firm of Swiss lawyers called Wiler & Wolf. Between July 1995 and January 1996, at least five such holding companies were set up: OralMed, MedTech, Horten Technology, Systeminvest and Waferprod Holding.

Mr Jurg Wiler and Mr Marco Wolf, of Zurich-based Wiler & Wolf, are named as directors of all five holding companies. They are also directors of two more bold-

Mr Wolf are directors of holding companies to invest Russ Oil and Technology, another unlisted Luxembourg company. Morgan Grenfell took out a writ to freeze the assets of Russ Oil and Technology on Wednesday at the same time as it froze the assets of Mr Young. Fiba denied any impropri-ety and said it had recom-

The pattern of Mr Young's investments is illustrated by SinterCast, a Swedish com-

TRADING RESUMES - By George Granging

Anxious investors sold an estimated £100m European Growth fund, managed until last of units yesterday as Morgan Grenfell's three European unit trusts weathered their first day of trading since dealings were suspended on Monday.

Selling was heavier than normal, amounting to about 8 per cent of the funds' value but was nothing like the exodus some investment advisers had predicted.

The three funds had an estimated 2300m of cash ready to meet the orders of investors who wanted to redeem their units. The sum included £180m from Deutsche Bank, Morgan Grenfell's parent, which this week bought out the funds' illiquid holdings in unlisted securities. It was more than enough to meet yesterday's selling, though more demands are expected.

The heaviest selling came in the £788m investment deterred many potential sellers.

mended Wiler & Wolf as lawyers to Morgan Grenfell and to Mr Young for setting up holding companies.

pany which has developed a

week by Mr Peter Young. It experienced 268.5m of redemptions as its bid price fell 3.7 per cent to 577.1p. Redemptions for the £137m Europa Trust, whose manager, Mr Stewart Armer, was suspended yesterday, amounted to £5.65m.

Numbers for the Dublin-listed European Capital Growth fund were not available. Investment advisers said they had received a lot of questions from customers but few orders to sell. "We've had two redemptions," said Ms Janice Thompson of Invest-ment advisers Chelsea Financial Services. Many had bought the funds as part of . personal equity plans, and were unable to sell immediately without losing the Pep text, manager believed in.... ordered the suspension of benefits. The 10-day delay to transfer a Pep When Mr Young was the funds. Morgan Grenfell's

more. In the first quarter of this year, Cathrinehold Holding and Celltek Technology Holding, two unlisted companies hald by European Growth, respectively built up 3.3 per cent and 6.6 per cent stakes in SinterCast.

Mr Young's problem was that his investments in these bolding companies appeared as unlisted securities in the European Growth portfolio. As their weighting within the portfolio rose to 85 per cent in April, Mr Young's managers for the first time became alarmed

But to remedy the problem MGAM executives turned to the man who had created it in the first place: Mr Young. They instructed him to reduce the proportion of unlisted securities to 5 per cent by year-end. They gave him time because they thought the stocks were illiquid and hard to sell. Neither MGAM's compli-

ance department nor Mr Young's managers picked up the crucial fact that these unlisted companies had no real business except as a way for Mr Young to support the high-tech stocks the food

instructed to reduce his humiliation was public.





Breuer say they will leave no stone unturned in their quest to discover the cause of the deback

THE PARKET GROUP - By John Gapper

# Deutsche Bank learns a lesson in discipline

the debacle at Morgan Grenfell Asset Manager It was left to others to are, Mr Rolf Breuer replies with a single German word: Disziplin. "What should be at the beart of a good business is discipline, not performance for its own Regulatory Organisation on

sake," be elaborates. For Mr Brener, the member of Deutsche Bank's management board with overall responsibility for asset management, it is a quality that was clearly lacking in the London subsidiary. Instead, he says, the culture of having star performers lay at the heart of MGAM's undoing at the hands of Mr Peter Young.

"If you have a star performer in your busine you have a temptation and a tendency to let him go on, even if he is not completely within his business limits, says Mr Breuer, who returned from a holiday last Sunday to be told the full borror of what had occurred at MGAM.

Neither Mr Breuer nor Mr Michael Dobson, chief executive of Deutsche Morgan Grenfell, the investment banking subsidiary in which MGAM ther injection of £87m. As a sits, disguise their anger

"Extremely serious and

unprecedented." is Mr Dobson's summary. Mr Dobson will not pass judgment on whether members of the senior

management of MGAM will eventually be forced to resign. However, he does not rule out that possibility if the inquiry launched by both MGAM and the Investment Management Regulatory Organisation, the City regulator, turns up concrete evidence of rules being ignored or

After explaining the degree to which senior managers were allegedly deceived by Mr Young this year, neither offers much defence of MGAM controls. "We are going to leave no stone unturned to discover what happened, and make sure it never happens again," Mr Dobson says.

There is a delicate issue of internal politics in all this. Mr Keith Percy, chief executive of MGAM, reports to Mr Dobson rather than Mr Breuer, For the retail fund management part of MGAM, this may change. Mr Breuer says control of MGAM's unit trust business may pass to Frankfurt. On an overall level, retail

fund management is managed globally from Frankfurt under Mr Breuer.

while institutional fund management comes under DMG in London. Mr Breuer says the management board has already discussed a switch "and will continue to do so, not least in the light

of what has happened" Beyond this structural fall-out from the MGAM affair, there is the wider question of culture. Deutsche Bank bougbt Morgan Grenfell eight years ago and has been building up securities operations under DMG in the past year. However, there is an enormous gulf between the

Deutsche and DMG cultures. The more free-wheeling, innovative and highly paid bankers and fund managers of DMG seem to fit oddly in a captions and structured commercial bank such as Deutsche, Mr Breuer says this incident serves to show that not enough priority has been given to the cardinal virtue of "discipline".

He says Deutsche is already half way through an attempt to install tighter controls within the DMG corporate finance and securities businesses. Until now, it had not regarded MGAM as such a priority because little capital appeared at risk, but Deutsche's views have changed rapidly this

# COMPANIES AND FINANCE: UK

# Royal Sun to | Arjo slides to £32m | Simon to sell largest division axe 30% of top managers

By Motoko Rich and Ralph

Nearly a third of senior managers at Royal & Sun Alliance, the composite insurer, will have left by the time tha recently merged group completes integrating

The forecast, by Mr Richard Gamble, chief executive, came as Royal Sun armounced its first combined set of resulte - which showed a smaller than expected fall in operating profits, from £514m to £450m for the half year to June 30. Royal Sun confirmed it name would save marketing was on target to deliver annual cost savings of £175m

"The ultimate reduction in the management's ranks will probably be heavier than it will be in the lower ranks," Mr Gamble said.

His comments may help assuage fears that the £6bn merger of Royal Insurance and Sun Alliance, completed of assets as a proportion of in July, had resulted in a cumbersome management

structure. About 60 per cent of the planned cost savings will strength and long-term come from job cuts. Tha group has announced 1,300 and in the UK life sector, of the 5,000 it plans to make

Of the combined group's 530 senior managers, about 30 per cent are expected to leave. Mr Gamble said, however: "There is not going to be a grand exodus of senior managers at this time. They are all assisting us with the merger even if they will not have a place with us in the

future. Mr Gamble hinted the group would eventually move to one brand name for its three existing "direct" operations - The Insurance Service, Royal Insurance Direct and Sun Alliance Connectious. Using one brand

The bulk of the cost savings would be made in the group's UK general operations, accounting for

about £110m of costs. The UK life business would save £25m.

The group was happy with its solvency ratio - a crude measure showing the value premium income - of about 73 per cent, which is high by the industry'a atandards Despite the group's financial desire to expand overseas significant acquisitions are unlikely in the short term.



By Patrick Harverson

Falling pulp and paper prices and weak demand took their foll on Arjo Wiggins Appleton, the Anglo-French paper group, which announced a charp drop in interim pre-tax profits from £135.3m to just

Turnover rose to £1.86bn (£1.78hn) thanks to a £219m contribution from acquisi-

European carbonless and coated, fell sharply. While

the price of pulp, the main raw material for paper, also declined, margins suffered because the group had to sell low-priced paper made from pulp acquired at higher prices. The drop in paper prices led to a sharp fall in demand as buyers ran down stocks.

The result was "the worst period the group has experienced since its flotation", said Mr Cob Stenham, chair-

signs of an improvement in recent months.

Simon Engineering, the storage, process engineering and mobile platform group, yesterday put its largest division up for sale to cut its "crippling" £82.7m debt. The company has decided

to sell its Access division, which accounts for more than half its turnover, after ruling out a rights issue or debt-for-equity swap to rebuild its balance sheet. Mr Maurice Dixson, chief executive, said the exercise

per cent to about 30 per cent and repay \$75m (£48m) owed to US loan-note bolders. Simon, which earlier this summer missed a repayment deadline for the loan notes, has until next February next year to repay that part of its

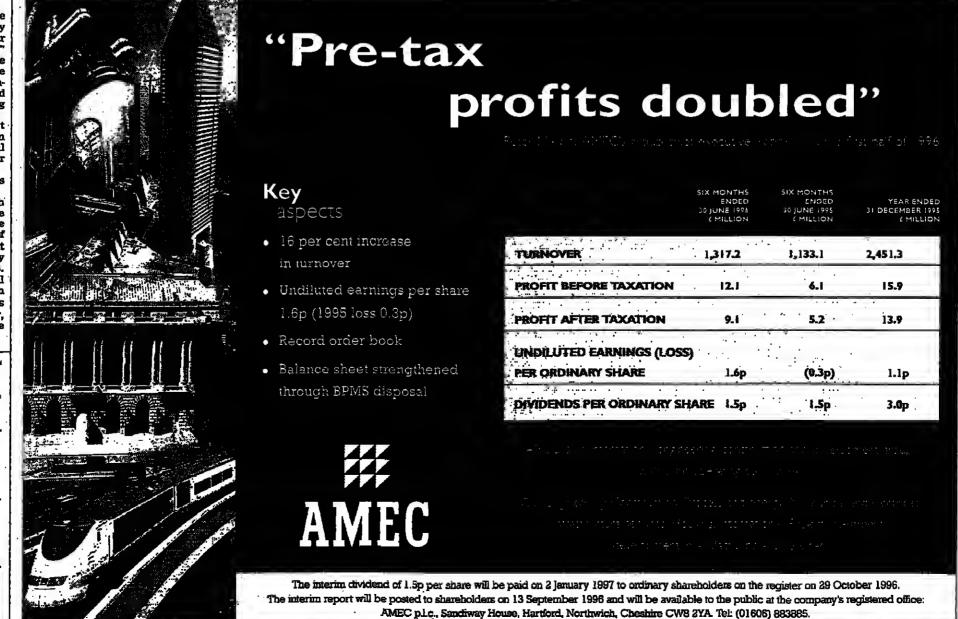
debt. One insider said Simon was unlikely to complete a sale much before Christmas. adding that it did not yet have a shortlist of buyers. Mr Dixson predicted too weak.

would enable Simon to cut strong interest in Access, the gearing from more than 100 mainly US-based maker of firefighting vehicles and mobile cranes, and said the group would make a profit on the disposal. The move comes less than

three years after a largescale refinancing at Simon, involving a £52m rights issue and a £38.4m disposal programme. Mr Dixson said that had allowed the group to focus on three core divisions, but admitted that the balance sheet had remained

forward publication of interim pre-tax profits which rose from £2.4m to £3.7m on increased sales of £165.8m, against £147.3m, in the six months to June 30.

The figures were dented by £4.6m of interest charges, which more than halved its underlying profits of £8.4m. Debts rose from £75.1m to £82.7m. It was also hit by ated with the debt reduction. Profits in the access division fell from £2m to £1.5m .



### INTERNATIONAL CAPITAL MARKETS

# Successful auction supports France

By Samer Iskander in London and Lisa Branaten in New York

European bonds had a positive session as the bund market shrugged off data showing higher than expected economic growth in the second quarter. In the US, tha yield curve steepened slightly as traders' fears of a rate hike by the Fed receded.

A successful OAT auction and reassuring comments by government officials on France's chances of meeting tbe criteria imposed by European monetary union provided strong support for the French bond market. Matif's September notional future settled at 123.48, up 0.22, while the Pibor contract rose by 0.11 to 96.00.

The Bank of France was said to have intervened on see some real structural rowed by 3 basis points to

the foreign exchange market savings, such as a reform in 314 points. The headline figfell through the psychologically important level of FFr3.43 against the D-Mark.

"The Pibor's rise shows that traders are convinced the central bank will not be forced to raise interest rates to defend the franc. The market also believes that the Bundesbank is raady to intervene," said one trader.

The Treasury auctioned FFr17.63bn of OATs, with bids covering 4.7 times the amount. Mr Julian Jessop, European economist at Nikko in London, attributed yesterday's bullish mood to the success of the auction. However, he warned that the French market could still see some turbulence later this month, when details of the 1997 budget are announced. "The market would like to

to prop up the franc after it the welfare system." he said. "Vague promises [of spending cuts] will not be enough." Mr Jassop also believes the real test for France will come when the government finally admits that its forecasts of GDP

growth are too optimistic.

GOVERNMENT BONDS

"They [government officials] will have to face the fact that growth is not around the corner," he said.

■ Italian bonds closed highar, outperforming bunds. Liffe's December BTP outperforming future settled at 115.42, up 0.71, while in the cash market the 10-year yield spread of BTPs over bunds nar-

ure for consumer price inflation was confirmed at 3.4 per cent for August, which revived hopes of rate cuts by the Bank of Italy.

A lower than expected figure on last week's claims for unemployment benefits led to an early drop on the US Treasury market, but by late morning prices had stabilised, with only modest losses as investors prepared for today's release of August employment figures.

Near midday the benchmark 30-year Treasury was down f at 95% to yield 7.117 per cent, the two-year note was & lower at 99%, yielding 6.363 per cent and the December 30-year bond future was off at 1064.

For the first time in several sessions, the yield curve

steepened early yesterday on

speculation that the Federal Reserve might not be as quick to raise short-term interest rates as some on Wall Street believe. The twoyear to 30-year curve rose by one basis point to 75 points.

Long bonds fell as much as 1/2 point after the Labor Department reported that first time claims for unem ployment benefits fell by 15,000 last week. Economists had expected the number to hold steady at 331,000 and interpreted the data as an indicator of potantial strength in today's figure on August employment.

Later, bonds recovered as bargain hunters entered the market. Mr Woody Jay. head of global government trading at Lehman Brothers, said he had seen some strong buying ing as investors prepared for the employment number.

# Lebanese bank plans euromarket borrowing

By Samer Iskandar

Banque de la Méditerranée a Lebanese bank owned by prime minister Mr Rafic Hariri, is to set up a \$150m borrowing facility in the euromarket.

Merrill Lynch, the lead manager, is expected to launch the first tranche of the deal before the end of the month - \$50m of twoyear euro-certificates of

"The programme will be the first continuous issuance vehicle established by a Lebanese issuer," the bank said. "Future tranches fwill havel maturities ranging from one to five years."

Méditerranée, the country's largest bank with a consolidated balance sheet of \$2.4bn at the end of August, is aiming to attract investors from the expatriate Lebanese community in North and South America.

as well as Europe. Its paid up capital is \$100m, but it is believed to be planning an increase to \$200m before the year-end. Its objective is to achieve a capital base of \$500m by 2000, and a balance sheet of

\$6bn to \$8bn. Lebanese banks are keen to tap new sources of long-term financing, ahead of an expected rationalisation of the banking inclustry. Observers say there is an over-supply of banking services and expect several larger banks to absorb

smaller competitors. Crédit Libanais, a govern-ment-controlled bank, tapped the international market for \$60m earlier this summer, and Byblos Bank, the country's sixth largest bank, is in the process of launching \$50m of three-

# Egyptian bank to sell stake in Suez Cement

By Sean Evers in Cairo and er leicander in London

The National Bank of Egypt (NBE), one of the country's four govsrnmant-owned banks, is planning to sell most of its 15 per cent stake in the Suez Cement Company through an international equity offering.

EMERGING DEBT MARKETS

An issue of global depositary recaipts (GDR) is believed to be the favourite option, although Salomon Brothers, which was yesterday retained as global coordinator, said it would also "explore alternative means for divesting the NRE's holding in Suez Cement".

ING Barings was also reported to be involved in the deal. Suez Cement, valued ear-

lier this year by Flemings at E22.092bn, has the largest capitalisation on the Cairo Stock Exchange. At current market prices the 15 per cent stake would be valued at nearly \$100m. Suez shares closed yesterday at E£42.50,

up 0.60. At the Egyptian Capital Markets & Investment Conference in Cairo this week, Mr Mahmoud Abdel Aziz, chairman of the NBE, said: We have launched the second ever GDR in Egypt and I am confident it will be a suc-

Mr Atef Ebeid, minister for public enterprise, stated his intention to maintain the accelerated pace of the priva-

tisation programme, the year is to float one commarket, and one company a an IMF agreement due to be week in direct sale," he said. ratified on October 11.

Foreign investors more than trebled their share of activity on the Egyptian stock exchange in the first half of 1996, from just 6 per cent of the Ers.8bn traded during 1995 to 20 per cent of the E£3.4bn traded from January to June this year.

The volume of trading in companias has listad increased during the same period from 15.5m securities in 1995 to 68.8m in 1996, an increase of 343 per cent.

The number of transac tions of listed securities has increased by more than 97 per cent, from 153,000 to 302,000 trades, highlighting the improvement in the market's liquidity.

Mr Mohammed Younes, managing director of Concord International Invest. ments, the first foreign investment firm to obtain a licence to manage mutual funds in Egypt, praised Cairo's Capital Markets Authority (CMA).

"The CMA has established a strong reputation for integrity and for tough enforce ment of securities laws, while 6t the same time acting as one of the leading promoters of the Egyptian stock market," he said.

Mr Youssef Boutros-Ghali. minister of state for economic affairs, proudly rolled out the impressive macroeconomic picture. The budget deficit was 1.3 per cent of GDP in 1995, and is expected to come down to 1 per cent this year. Inflation has been brought down to below 8 per cent this year, from 20 per cent in 1991. GDP growth is expected to reach 5 per cent.

....

BURNES TO THE TAX

Capital gains and with-The target for the rest of holding taxes have been a year is to float one com- abolished, and tariff cuts pany a week on the stock will be introduced as part of

# Statoil returns after eight-year absence

By Conner Middelmann

more subdued day after recent hectic sessions, with many participants sidelined ahead of today's release of US jobs data for August. Statoil. Norway's government-owned hydrocarbon utility, returned to the mar-

ket after an eight-year INTERNATIONAL BONDS

absence with a \$250m offering of three-year bonds priced to yield 5 basis points

According to lead manager Deutsche Morgan Grenfell, the bonds were likely to benefit from their rarity value, their quasi-sovereign risk and the diversification they offer after a slew of issues by financial institutions. A DMG syndicate manager

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

said the raft of short-dated bonds launched in the early The eurobond market had a summer had been placed and there was renewed demand for such paper from European retail accounts. He acknowledged the issue was slow to get off the ground but said "we feel confident in the special nature of the Statoil name - the deal will work over time".

Others were less charitable. "When I saw it appear on the acreen, I thought they'd accidentally dropped a digit - it should have had s spread closer to 15 over," said one dealer. Another said the deal was weakened by the fact that it does not have a government guarantee and has lower credit ratings than the Kingdom of Norway.

In the D-Mark sactor, Baden-Wuerttemberg L-Finance issued DM750m of five-year bonds priced to yield 22 basis points over bunds - on the tight side,

Borrower	Amount	Coupon	Price	Maturity	Feee	Spreed	Book-russets
WUS DOLLARS	100		30.75		W.		
Fed Home Loan Mtg Crp(s) Statoli	300	7,00#	100.00R	Sep 1999	0.15R	+41 (8%-99)	Goldman Seche Inti
Stadshypothekt;	250 100	6.625 (b)	99,815R 99,962	Sep 1999 Mar 1999	0.10	+5(6%-99)	Deutsche Morgan Granfe Sajornon Brothers Ind
D-MARKS	1.70	10173	1 1	12.0.00	E. P. Se		
Baden Württemberg L-Fin	750	5.25	99.507R	Sep 2001	0.25R	+22(5%-01)	Goldman/SBC Warburg
Synthetic Ecuador Bond Co	100	12.25	99.00R		1.25R	+647(1)	Dreedner-KB/JP Morgan
FIRENCH PRANCS	0.12 V.C.	3-1.0	W. Salak	A-1-65-2	- 18 2	W. 3. A. Marie	Contract of the second
Bayerlyche Landesbank	1bn	6.625	99.588R	Oct 2008	0.36R	+11(8%%-08	Crédit Agreole
E PERSTAS		and a				2	
European Investment Bank	15bn	8.50	100.80	Oct 2006	1.875		BBV/JP Morgan
DSL, Bank(c)	10bn	8.50	103.635	Feb 2006	1.875	-	BNA

some dealers said. Still, joint leads Goldman Sachs and SBC Warburg said the deal met demand from European institutions looking for a large, liquid issue after the recent smaller, retail-targeted deals - although Asian demand was said to be slightly disappointing.

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

0.91 0.66 0,47

M NOTIONAL ITALIAN GOYT. BOND (BTP) FUTURES (LIFFE)\* Lira 200m 100ths of 100%

IN NOTIONAL SPANISH BOND FUTURES (MEFF) Open Sett price Change High 101.30 +0.47 101.34 100.76 +0.39 100.83

11550 11800

Open Sett price Change High

CALLS ---

M NOTIONAL UK GILT FUTURES (LIFFE)\* £50,000 32nds of 100%

108-28 107-01 +0-05 107-11 108-04 108-09 +0-05 106-20

Dec 1-30 0-63 0-39

92.02 90.18

106-31 106-16 106-03

0.90 0.39 0.72 0,67 0,57 1,06

114.60 115.42 +0.71 115.43 114.53 43058 57972 114.92 +0.71 0 0

Open Sett price Change High Low Est. vol Open Int.

Mar 1-53 0-28 1-26 0-62 1-04 1-51

+0.10 92.04 +0.08 90.12

-0-17 . 107-18 -0-18 . 107-02 -0-18 . 106-15

■ US TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100%

III ITALIAN GOVT, BOND (BTP) FUTURES OPTIONS (LIFFE) Lin200m 100ths of 100%

Authority might be launching a DMIbn D-Mark issue next week. The rumour was prompted by the fact that TVA plans to hold an investor presentation in Frankfurt on Monday, organised by Deutsche Morgan Grenfell and Lehman Brothers. Back in the dollar sector, Elsewhere, there was talk Lebanon's Byblos Bank that the Tennessee Valley announced details of its

0.87 0.89 0.94 1.14 1.26 1,45

PUTS

Est, vol Open int.

2,238 8,124 808 2,739

108-28 19,389 155,980 108-09 256,739 278,897 105-30 4,847 10,404

forthcoming euromarket debut: \$50m of three-year notes to be priced at around 275 basis points over Trea suries. SBC Warburg and Beirut-based Lebanon Invest are to lead the transaction. The deal will make Byblos Bank the second Beirut bank to access the eurobond mar-

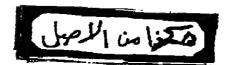
ket after a \$60m issua in June by Crédit Libanais.

		Coupon	Red Date	Price	Day'e change	Yield	Week ago	BGO
Australia		8.750	11/06	89.8540	-0.190	8.24	8.11	8.47
Austria		6.250	05/08	98,7100	+0.340	8.33	6.36	\$41
Belgium		7.000	05/08	102.8100	+0.150	6.62	6.81	6.72
Canada '		7.000	12/08	96,2400	-0.230	7.53	7.40	7.67
Denmark		8.000	03/06	104,3800	+0.100	7.33	7.34	7.32
France	ETAN	8.500	10/01	99.5100	70,100	5.58	5.61	5.43
LIGHT			04/06		+0.260	6.40		6.36
	CAT	7,250		105,8900			6.43	
Germany	Bund	6.250	04/06	98,1200	+0.200	8.37	6.37	6,38
helend		8.000	08/06	102,5800	+0.140	7.82	7.82	7.63
Italy		9.500	02/06	101,2500	+0.550	9.29†	9,35	8.32
Japan	No 140	6.600	06/01	120.5555	-0.170	1,90	1,87	2.32
	No 182	3.000	09/05	99.8936	-0.280	3.02	2,98	3,30
Netherlan	ICIS.	8.500	06/06	115.6100	+0.220	6.30	6.33	6.32
Portugal		11.875	02/05	118,9000	+0.050	8.81	8.62	8,69
Spain		8.800	04/06	99.9100	-0.020	6.78	8.83	8.87
Sweden		6,000	02/05	87,1056	_	6.17	8.14	8.26
UK Gilts		8.000	12/00	103-09	+1/32	7.00	7.02	7.14
		7,500	12/06	87-07	+6/32	7.90	7.87	7.68
		9.000	10/08	107-18	+7/32	8.02	7.99	7.99
US Treasa	my "	7.DOC	07/08	100-09	-6/32	6.95	6.82	8.99
00 11033	y	6.750	08/26	95-11	-12/32	7.13	7.02	7.04
ECU (Frenc	t Court	7.500	04/05	104,3500	+0.110	6.81	6.82	6.83
atest					States and E			
Broker Idan i	Tade	7 The Sta Sta	क्कारी		7wg Thre 5.34 Fiste 5.60 10-	Aga,		6.4 6.5 6.7 6.9 7.1
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Prize rate : Rober loan red funds Fed fu	FUTUE	St. There is the state of the s	menth po month, sporth with the popular	PTION:	7 Total Thrift 5.34 Flaren 5.60 10-5.95 30-5.95 30-5.95 Market 5.60 10-5.95 Market 5.60 Ma	year	vol. Op	6.5 6.7 6.9 7.1
Prize rate Stoker loan red funds ed funds BOND  France  Notice	FUTUI PUTUI P PNAL FRIEN Open 123.12	St. Find Find Find Find Find Find Find Find	PUTLA  Change  HO.22	PTIONS	7 FFr500,	year	vol. Op 302 14	6.5 6.7 6.9 7.1
Prize rate stroker form red funds Fort funds at BOND  France Months at M	FUTUE PAL FRIEN Open 123.12 121.70	St. Fine T The St. St. St. CH BONE CH BONE 123.48 122.02	PLITTUR  Change +0.22 +0.18	PTIONS HES (MATTE	7 FFF500,	9047	vol. Og 302 14 225 7	6.5 6.7 6.9 7.1
Prime rate Stoker loan red funds red funds at BOND France I MOTTO	FUTUI PUTUI P PNAL FRIEN Open 123.12	St. Find Find Find Find Find Find Find Find	PUTLA  Change  HO.22	PTIONS HES (MATTE	7 FFr500,	9047	vol. Og 302 14 225 7	6.5 6.7 6.9 7.1
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FT-ACTUARIE Price Indices UK Gitte	Thu Sep 5	Day's change %	Wed Sep 4	Accrued Interest	xci adj. ytd		- Low Sep 5					on yield Yr. ago			n yield - Yr. age
Up to 5 years (22)	121.67	-0.08	121.74	2.22	, 6.91	5 yrs	7.21	7.15	7,51	7,29	7.28	7,53	7,36	7.33	7.62
2 5-15 years (20)	147,47	~0.01	147,49	2.86	7,20	15 yrs	8.13	8.13	8,02	8.14	8.13	8.05	8.14	8.15	8.13
Over 15 years (B)	160,53	-0.02	160.56	2.64	8.84	20 yrs	8.23	8.24	8.08	8.22	8.22	90.6	8,23	8.25	6.14
irredeemables (6)	185.34	0.74	183.97	3.90	7.36	kred.†	8.24	B.31	6.09						
All stocks (56)	142.11	-0.02	142,14	2,63	7.45										
					. :		— k	diation.				flation 1			
index-linited						<u> </u>	Sep :	5 Sep	Yr. RO	<u>a</u>	Sep :	5 Sec 4	Yr. sg	<u> </u>	
5 Up to 5 years (1)	200.22	0.01	200.20	3.22	4.43	Up to 5 yes	2.1	3 2.1	2.7	7 -	0,5	0,49	1,01		
7 Over 5 yeers (11)	188.51	0.00	188,33	1.18	3.43	Over 5 yrs	3.77	2 3.7	3.5	2	3.5	3.62	3,33		'
All stocks (12)	188.65	0.09	188.47	1.23	3.44										
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38 94 97	1000	1037	10312	•	619	World Bank 0.21 700 World Bank 7 01 800	11312	113%	1.0	3.68	FLOATING RATE NOTES			
Sec de France 8 98	300	1034	1035	44	6.64		_				insued	Bid	Offer	Сц
cage unport represely 6-9; 288 6-94, 97 288 6-94, 97 286 6-9 Francia 8-98 20-Int Barrik Juppen 8-02 Export Dev Corp 9 <sup>1</sup> 2-98 Export Capital 0-04 Fed Home Losts 7 <sup>4</sup> g 89 Federal Nati Mort 7-40 0 Federal Nati Mort 7-40 0	500	104	1044		7.11	YEN STRAIGHTS					Abber Med Trees at 1 00 1000	99.90	99.98	5.500
Export Day Corp 912 98	150	104%	105	-4	6.67	Belgium 5 98 75000	110%	110%	-4	1.65	Abbey Nati Treatury -1 98 1000	99.95		5.79
2000 CEPRE 0 04	1000	3/4g	1017		7.07 6.75	CROSS FORDER 44s, UZ	110%	110%	ᅸ	2.78 1.72	Bankamerica 1, 99 750 Canada 1, 99 9000 CCCE 0 08 Ecu 200	90.66		5.285
Todaya Nati Mart 740 D	1500	1013	1015	-1,		Ext. 100000	1104	110%	3	276	CCCE 0 05 Ecu 200	99.50		4.25
Tribut 6% 97	3000	1002	100	•	841	Inter Amer Dev 74, 00 30000	119	11012	ij	1.81	Commercial OS Fin -1: 98 750	88.82	99.69	5.400
ord Motor Credit 64, 96	1500	995	903		6.62	Be-tim Startic Japan 47s 03 100000 haly 31s 01 100000 haly 31s 01 200000 haly 5 04 200000 Japan Dav Bit 5 98 1000000 Japan Dav Bit 6 15 00 200000 Japan Dav Bit 6 15 00 200000 Shuft 5 00 200000 Shuft 5 02 1200000 Shurdin 47s 98 1500000 World Shark 51s 02 2500000	1053	105%	4	224	Gredit Lycrosels & 00 300 Credit Lycrosels 0.30 98 1250	96.18		5,937
Seneral Mills 0 13	1000	244	25	41ª	8.72	taly 5 D4 200000	1144	1142		3.03	Credit Lycrevels 0.30 98 1250	100.00	-	5.940
N Finance 54, 98	850	97	9714		671	Japan Dav Bk 5 98 100000	1104	11012	7	1.58	Dermask -1g 97	69.87 100.01	100.02	3,375
Seneral Mills 0 13		401	1014		7.30 7.33	Jebeu Day RK 6-2 01 120000	1181	120%	4	2.12	Food Nat Mort - 6 00 1000 Finland - 1 90 1500 Halflest 98 0 99 500 MA Same Ind 1 98 500	98.89		5.047
K Program St. 00		974	975	1	6.54	Spein 5 to 02 123000	117	117%	3	243	Finland -I <sub>2</sub> 99 1500	99.94		5460
Bay 8 03	2000	934	93%	4	727.	Sweden 47 98	1057	105%		0.87	Halfax 98 0 99 600	100.10	100.18	5.636
by 67: 29	3500	864	20	7	8.09	World Bank 514 02 250000	1153	$115^{1}_{2}$	4	2.2B	M Surk Int 4 98 500	100.42		5.781
lepen Dev Bk 8 g 01	500	104%	1051		****						Italy 1: 99 1500 LKB Becton-Warst Pin-1: 98 , 1000	100.30		5,687
in Plantos 54, 60 inly 5 03 inly 5 03 inper Dev Bik 8 <sup>3</sup> g 07 Come Bac Power 8 <sup>3</sup> g 03 Antourhilla Bac 7 <sup>3</sup> g 03 Ordanio 7 <sup>3</sup> g 03	1350	4007	101	47	7.65	OTHER STRAIGHTS	4021-	10312		7.08	I louds David David Clark	99.92 85.25		5.476 5.829
Colorio 75e CO	2000	100%	1012		7.33	FB 7% 06 LF: 9000	106	105		6.26	Malayala /c 98	60.63		5,962
Jean Kontrolibank B's O	200	10512	105%		7.01	Credit Fonder 7.60 02 LFT 2000 EB 7½ 05 LFT 2000 World Bank 8½ 04 LFT 2000 ABN Anno 5½ 00 FT 1000 Austha 6½ 00 FT 1000	1102	11112	•	6.44	New Zealer 2 9	99.90	100.01	5.445
Cortugal 5% 06	1000	824	9212	-Jg	729	ABN Actio 65 00 F 1000	1054	10572		4,98	Nova Scota 2 99 500	99.97		5.726
Combec Hydro 63, 98	150	1053	10512		6.86	Austris 6 <sup>1</sup> 2 99 P	1045	104%	ᅸ	4.61	Ones 0 99 2000	100.03		5,500
Joshec Prov 9 98	200	7034	103 <sup>7</sup> 8 108 <sup>5</sup> 8	7	6.81 7.12	Bell Carnette 10°s 99-CS 160	11012	110%	•	6.47	Outher Meter Con 200	100.27	100.23	5.657
MS 10 90	150	104%	1053	·	6.63	Constitution & Mar RL 00 CS _ 1000	1053	1023 <sub>4</sub> 1053 <sub>2</sub>	7	7.40 8.20	Flenie 0 98 600	99,75		5.487
Ortanio 7°g C3 Datar Korarollanak 6°g O Postaget 5°k, C6 Databec Hydro 8°k, 96 Databec Prov 9 98 SNCF 9°g	1500	003	col		6.73	88 10 <sup>1</sup> 98 CS 130	108	107		5.40	Rente 0 98 500 Spain - 2 02 DM 2000	100.07	100.14	3.347
invector 6 <sup>1</sup> 2 03	2000	974	973		7,18	Bec de France 93, 99 CS 275	108	10914		6.37	State 2k Victoria 0.05 00 125	99.98		6.848
ernesses Valley 6 00	1000 .	. 97	971		6.96	KW lat Fig 1001 CS 400	1114	1115	- <b>Je</b>	6.96	Sweden -1 <sub>6</sub> 01 2000	98.88	100.00	5414
erreases Valley 61g OS	2000	94%	9512	**	7.30	Nippon Tel Tel 1014 99 C\$ 200	1704	110%	4	6.50	COMPANIES - DAVIS			
plac Power 6% 03	1000	-945	94%	-	7.14 6.48	Ontano 6 03 C5 1500	103/2	104 <sup>1</sup> 8	7	7.27	CONVERTIBLE BONDS			
cerate. Motor 5 <sup>5</sup> g 96 Inited l'Orgotom 7 <sup>1</sup> s 02 Vest Dieney 6 <sup>5</sup> g 01	2000	1015	1014	Ι.	6.91	Ontario 6 03 CS 1500 Ontario Hydro 10% 99 CB 500 Outar Konscollbank 10%, 99 CS 150	110	11012	~	6.13	leaved 3	Pony. Price	BÉL ON	- 2
Vall Dieney 63s 01	1908	974	973	•-	721	Quebec Hydro 7 D4 CS 1000	981	965	-30	7.82				
Vorld Bank 🚱 98		90	85%	-14	7 <b>23</b>	Quebec Prov 1012 98 CS 200	1087	1001	_	6.11	Gold Kelongle 71- co	6.04	96 19	
Varid Bank 6% 99	1500	105	105%	-74	6.61	Quebec Hydro 7 D4 CS 1000 Quebec Prov 10 <sup>1</sup> 2 98 CS 200 Coxetof Europe 9 01 Eest 1100	1113	11212	+4	6.24	Alled-Lyone 6% 08 2 200 Gold Kalgoorie 7½ 00 65 Grand Matropolitan 6½ 00 710	1.37 1	18 <sup>1</sup> 2 . 120 115 116	
		•				Credit Ponder 8-8 04 Edu 1000	107-2	106	+35	7.07	Henson America 2.59 01 420 28	R375	864 664	
EUTSCHE MARK STR	2000 2000	913	915	44	723	PC 6 00 Fee 1100	1004	1101 <sub>2</sub>		627 5.61	Hong Kong Land 4 01 410	1.05	844 855	
ustria 672 24	699 2000	4077	102	•	442	FIR 10 01 For 1150	1153	115	ملد	5.90	Land Sees 64 02 2 84	6.72	100 100	
rect Fonder 71, 08	2000	105	10574	+32	628	Cecili Foogler 6 <sup>1</sup> <sub>5</sub> 04 Ecu 1000  Osmanik 8 <sup>1</sup> <sub>2</sub> 02 Ece 1000  EC 6 00 Ecu 1000  EG 6 00 Ecu 1000  EG 6 00 Ecu 1000  International State 10 <sup>1</sup> <sub>2</sub> 98 Ecu 900  International State 10 <sup>1</sup> <sub>2</sub> 90 Ecu 1000	1005	107	7	4.86	Herison Armitat 2,59 01	5.84	924 934	
erroark 6 <sup>1</sup> a 98	2000	108 <sup>3</sup> 2	103%		3.83	kety 10% 00 Ecu 1000	1155	1157	يل	5.82	Miterial Report of the Co.	22 1	084 1094	
recti Fonder 7 <sup>1</sup> 4, 08 lemmink 6 <sup>1</sup> 2, 98 lemin Firence 6 <sup>1</sup> 2 03 lemin Sk Fin 7 <sup>2</sup> 2 08 BC 6 <sup>2</sup> 2 00	1500	100%	101	+	044	CHART LA BOOK SALE OF EAST	1 15-2	1124	+3,	5.94	Orden 8.02	32.6	78 797	
autoha Bk Fin 72 08	2000	106%	106	پانه	825		105 4	105 k	وآل	7.81	Permed 41 m	11377 NACE	92 93)	
EC 6/2 00	2900	105	105 <sup>1</sup> 8		4.90	Comm Bit Australia 133, 99 AS 100		115	ᅸ	7.95	Sendor Central 2 m2 500 58	100 a	107 106 10 <sup>1</sup> 4 111	
38 64 00	1500	1044	1043 <sub>8</sub>		4.96	98 74 96 AS 350		10214		7.10	Seppi BM Pingace 712 00 950	11 فاطنط 1 مور	10 <sup>1</sup> 4 111	
1950 72 W	300	WAS	1047		4251 3.75	NSW Troteury Zero 0 20 AS 1000	134	13%	-12	270	Suppore 13 00 40000 11	1984	104 105	
N /4 90	- 300	cel.	984	J.	8.79	R &   Burnk 7 x 08 A\$ 125 State Bk NSW 8 (22 AS 300	97 40%	97 <sup>3</sup> g 104	4	0.34	Sumitomo Bank 31- 04 300 30	MAG I	82 <sup>1</sup> 83 <sup>1</sup>	<b>#9</b>
				-										,
09 Sardes-Mneus 6-5 0	460	1035	103%	•		Sta Aust Govt Fin P (12 AS 150	1033	1034	4	821 827	Sun Altance 74 08 2 155 Transmitantic Hidge 51 <sub>2</sub> 00 2 _ 250	30 1	110	116



# CURRENCIES AND MONEY

# MARKETS REPORT

# Sterling and dollar firmer on economic news

### By Richard Adams

Worries over the health of Russia's leader and good economic news in the UK gave some life to the dollar and the pound on yesterday's for-

eign exchange markets. News of the heart operation planned for Mr Boris Yelisin, the Russian president, lifted the dollar, while healthier business confidence and the absence of an interest rate cut in Britain

helped the pound. The dollar rose sgainst the yen to Y109.115 et the close of the London market, compared to its previous closing level of Y108.705. Against the D-Mark, the dollar was up slightly to DM1.4848, having

The state of the s

17:14 E 5

been DM1.4823. Sterling rose to Y171.1 from Y170.2, and to DM2.3280 from DM2.304 against the

But the lack of dramatic movement in the dollar was attributed to dealers waiting tations of an interest rate Liozi increase by the Federal

ting pressure on the French franc. Overnight, the franc made.
briefly broke through resistance at its old ERM ceiling Mr Kenneth Clarke, the of FF13.4305, but buying apparently by the Bank of

The lira saw its value rise against the D-Mark, thanks to market talk of a possible

down, to its close of

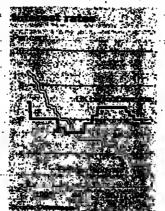
E Pos	and in How	York		
Sep 5	Labori-	1	Prev. clo	<b>66</b> –
2 apot	1.5670		1,5870	)
T milb	1.5674		1.5673	
3 meth	1.5674		1.5673	1
1 yr.	1.5636		1.5630	٠.

for publication today of Bank of Italy rate cut today. August's non-farm payroll and that it might be made employment figures. A easier for Italy to join a sinstrong rise in employment gle currency. The lira figures would harden expec-strengthened to L1018, from

If not now, then when? Meanwhile in Germany. The decision to leave the anticipated rebound of Britain's base rates unmoved the economy in the second at 5.75 per cent yesterday quarter was confirmed, put- left the markets guessing when or if a move would be

chancellor, and Mr Eddie apparently by the Bank of George, governor of the France – brought it back Bank of England, is not scheduled until 23 September. But some in the City think its timing would be too close to the US Federal serve's FOMC meeting on

> In any case, while deci-Mr Clarke, the timing of any cast, it could provide the cuts are in the hands of Mr "best excuse" for a post-Gsorge. One window of opportunity is the next retail



gage interest payments (RPIX), announcement on 12 September Mr Chris Furness, senior market strategist at 4Cast in London, said if RPTX met the Bank's tarsions to cut rates are up to get of 25 per cent as fore-

poned rate cut.

■ The Bundesbank held a like today's rule that out. council meeting yesterday The French franc is on its and also decided not to cut interest rates. It was not expected to, after Mr Hans

it clear that rates would not

be lowered soon.

That view was borne out by yesterday's economic data, showing a quarter-onquarter rise in German gross tion, and effort to talk up the domestic product of 1.5 per franc by ministers and the cent. London analysts agreed with the prediction of Mr Guenter Rexrodt, the economics minister, that dey evening's television growth for 1996 could go address by Prime Minister

beyond the government's forecast of 0.75 per cent. The consensus among analysts is that its monetary policy is on hold. Mr Robin Aspinall, chief economist for Europe at the National Australia Bank said: "The only remote possibility is that a combination of weak data and Emu tensions would prompt another easing. Data

Meanwhile, the OECD said in a special report that Ger-Tietmeyer, the central many could meet the Maas-bank's president, had made tricht treaty's budget critetricht treaty's budget criterion for the single currency if it implements all of its planned austerity meas

> ■ Bank of France intervencentral bank governor, helped keep it confined to its current ranges. But yester-Alain Juppé, to announce tax reform plans, was being watched for clues to the 19 budget on 18 September.

Sep 5		2			\$	
Czach R	41.4792	-	41.5291	26.4520	-	25,4820
Hungary	237.790					
				3000.00		
Name of Street				0.2990		
Potend				2,7485		
Planets.				5385.00		
UAE	5.7571	- !	5,7602	3.5725	•	3.6731
					_	

diam'r.								
WORLD	INTER	EST I	RATE	s				
MONEY F	MIES							
September 5	Over	One	Three critis	Sb. milho	One	Lomb, inter.	Dis. rate	Repo rate
Belgium	34	3%	38	3;	313	6.00	2.50	-
week ago	3 <u>:</u>	31/4	34	3,	311	6.00	2.50	-
France	314	3%	38	41/4	44	3.35	-	4.75
week ago	37	316	34	44	44	3.35	-	4.75
Germany	28	34	3	3%	34	4.50	2.50	3.00
week ago	31	31	3	3,	34	4.50	2.50	3.00
ireland	57	516	51	6	614	-	-	0.25
week ago	54	5%	5%	62	61	-		625
Italy	83	82	82	82	847	-	8.25	8.56
week ago Netherlands	좰	魏	8%	87,	84	-	3.25	8.65
	23	22	2% 2%	23	316	-	3.00	3,30
week ago Switzerland	22 1%	2 <b>2</b>	24	2 <u>%</u> 2%	314 214	Ξ	3.00 1.50	3-30
Week 200	13	2	2	23	2 h		1.50	-
US	5%	511	5 <b>2</b> 5	51	614	-	5.00	_
week acc	52	533	58	53	6%	Ξ	5.00	
Japan Japan	7	55	7,	7	2		6.50	
week ago	i	75	4	3	Ž.	_	6.50	_
E SUBOR FT								<del></del>
Interbenk Flore		514	541	518	64	_	_	_
week ago	• -	523	512	5R	67		_	
US Dollar CDs	_	5.18	5.34	5.52	5.89	-	_	_
week ago	-	5.18	5.19	5.33	5.65		-	
ECU Linked De	_	41	41	41	4.L	•	-	_
week ago	•	41	42	411	44		-	
SDR Linked De	. =	3	32	32	3%		_	_
week ago	_	3.	31	32	346	_	_	_
S LIBOR Interber reference bunks a Burchers and Net	at 11am eec	es are of	Hered rat	tes for S	510m quo are: Bar	ted to the	e maria Ł Bank	nt by for of Toky
Mile result are other	e for the chi	zeetic Mor	My Person	USS CE	ECU &	SDR Links	d Decom	ts (De).
EURO CU								
Sep 5	Short	7 day		One	Three	200		One
	term	notic	•	onth	months	mon	the	Ann.
Belgien Franc	34 - 21	3,14 -	3 3	g - 3	34 - 31	3.5 -	33 3	13 - 31
Danish Krone	313 - 312	33 - 3		35	4 - 312	47		5 - 43

Sep 8		Closing mid-point	Change on day	Bid/offer spread	Day's	Mid low .	One m	onth %PA -	Three :	nonths %PA	One ye		Bank of Ing. Inde
Europe		- /											-
Austria.	(Sch)	16.3812	+0.0526	736 - 888	16,4038	18.3097	16,3499	23	16.275	. 2.6	_		105.
Belglum	ŒFr			028 - 869	48.0116			24	47.6589	2.4	46.8800	22	107-
Denmark	(DKr	6.9813		777 - 848	8.9973	8.9537	8.9675	1.8	8.9472	1.5	8.8394	1.8	196.
Finland	(PM			561 - 671	7.0716		7.0572	0.7	7.0492	0.7	-		85.
France	(FFr)			649 - 701	7.9888		7.9633	. 21	. 7.9293	1.8	7.8224	1.6	108
Germany	(DM)	2,3290		270 - 289	2.3321	2.3160	2.9291	2.5	. 2.8134	2.5	2.2712	2.4	109
Greece	(Dr	371.769	+1,336	607 - 930	372.627				. —				67.
reland	(DC:	0.9846		639 - 652	0.9666	0.9837	0.9641	0.6	0.9829	0.7	0.9584	6.8	100.
italy	. 0.	2368.94		724 - 065	2375.A7	2366.54	2374.49	-2.8	2384.34	-2.5	2415.84	-20	76.
Luxembourg	OLF4	47.9449	+0.1204	026 - 869	48,0116		47.8489	2.4	47.6599	2.4	45,8890	22	107.
Netherlands	Œ	2,6091		077 - 104	2,6133		2,803	2.8	2.5911	2.8		2.5	107
Norway	(NKr	16,0416		381 - 457	10.0843		10.0334	1.0	10,0164	1.6	6,9329	1.1	98.
Portugal	Œs	238,454		323 - 586	238,847		238,879	-2.1	239,784	-22	OE-CE.S		96.
Spein	Ptal	196,734		627 - 841	197.047	195,232	196,994	-1.5	197,509	-1.8	198,909	-1.1	80.
Sweden	SKI	16,4101		011 - 191	10.4368		10.4104	0.0	10.4105	0.0	10.4085	0.0	88.
Switzerland	(SFr)	1,8930		920 - 939		1.8875	1.888	3.2	1.B772	3.3	1.829	3.4	113.0
JK	(5)	. 2000	-	GED - 630,	120000	1.00.0	1,200	3.2	125772	. 32	(,028	-	85.
Ecu	4-4	1,2345	*U UU32	340 - 350	1,2362	1,2297	1,2932	1.3	1,2302		1,2168	1.4	63.
SDR+	_	1,075800		- 300	1,2302	1,2207	12002	120	12002	1.4	12100	1.4	
Americas		1201000		- 1	_	_	_	_	_	-		_	
Argentine ·	(Peso)	1.5676	<b>→D DD24</b>	672 - 660	1.5728	1.5669	_	_		_		_	
Brazil	(RS)	1.5948		943 - 953	1,5987	1,5926							
Canade	(Cs)	2,1478		467 - 484	2,1536	2,1451	2,1489	0.4	2.1433	0.6	2 1250	0.6	84.0
	r Penci	11,9180		114 - 248	11,9601	11.8644	2, 1400		~ 1403	0.6	2.1352	Orb	044
JSA		1,5679		675 - 682	1,5726	1.5886	1,5675	0.3	1.5875	0.1	1.5684	0.0	96.2
Pockic/Niddle	(5) Equat(		TOUGUZY	0/3 - 002	1,0720	1,3000	(,00/3	0.3	12015	0.1	12004	0.0	200
Australia	(A\$)	1,9780	-0.0005	749 - 771	1.9867	1.9737	1.9788	-1.5	1.9836	-1.5	2.0088	-1.7	93.2
													83.2
long Kong	(HKS)	12,1250		191 - 308	12,1609	12.1144	12.1189	O.B	121053	0.6	12.0855	0.8	•
ndia	(Fis)	56,0507		246 - 768	56.3768	55.7246		'-		•	•	-	•
sreel	(Shk)	4.9312		262 - 362	4.9309	4.9282			400 000				
Japan	_ (Y)	171,076		999 - 153	171,470	170,470	170.351	5.1	166.861	5.2	162,446	5.0	132.B
<b>Vlaleysla</b>	(MS)	3.9157		140 - 174	3.9271	3.9128					•		
New Zeeland	(NZ\$)	2.2597		583 - 616	2.2005	2.2575	2.2847	-2.7	2.2742	-2.8	2.308	-2.1	108.6
Philippines	(Peso)	41.0856		215 - 496	41.1496			-	. •	. •			-
Saudi Arabla .	(EIF)	5,8603		736 - 816	5,8979	5,8760			-	•			~
ingepore .	(55)	2.2066		047 - 088	2.2126	2.2047	-	•	7	•.	-	-	-
South Africa	(F)	7,0522		483 - 561	7,0728	7,0358	/ -		. •		-		
South Kores	(Won)	1282.89		253 - 326	1286.70	1281.87		· · -	•	·	-	-	-
Cadwan	(15)	43,1096	+0.0699	921 - 271	43,2823	43,0686	-	-			1.0		. •
hulland	(Bt)	39,7216	+0.1359	969 - 460	39,8260	39,6980		-	-			-	
Remos for September by de Mid-remos in both	recent in	locost cutes.	Starting ind	ex celculated	by the Bee	k of Empleo	d. Bees IIV	егадо 19	90 <b></b> 100. /	ncles ret	seed 1/2/5	is, Bid.	Offer and

Sep 5		Closing mid-point	Change on day	Sid/offer apreed	Day's high	mid low	One mo	MPA	Three m	96PA	One year	MPA	
Europe		poor	3-1	-T									
Austria	(Schi)	10.4482	40 M75	457 - 507	10.4540	10.4074	10.4287	2.2	16.3867	24	10.2032	20	108
Relaium '	(SCN)	30,5800			30,6000	30.4640	30.525	22	30,4175	2.1	29.915		100
Denmark	DK4	5.7284	+0.0009		5.7320	5.7146	5.7209	1.6	5.7039	1.7	5.6349		16
Finland	(FM)	4.5040		015 - 085	4.5065	4.4855	4.4975	1.7	4.4855	1.8	4,44	1.4	
France	(FFr)	5.0818	+0.0001		5.0903	5.0705	5.0743	1.6	5.0803	1.7	4.9913	12	
		1.4848		845 - 851	1.4858		1.4821	2.2	1.4763	2.3	1,449	2.4	
Germany	(DM)			070 - 170	237,400	1.4791			242 145		256,12		
Greece	(D)	237.120				236,100	238.795	-8.5	1.6269	-6.5	1.6164	-80	6
Ireland	(22)	1,6255		248 - 262	1.6205	1.6216	1.626	-0.4		-0.4		0.4	_
italy	. (4)	1810.95		020 - 170	1513.72	1509.A0	1515.7	-3.8	1529.85	-3.4	1546.6	-24	7
uxembourg	(LFr)	30.5800		600 - 000	30.6000	30.4640	30.525	22	30.4175	2.1	29,916	22	
Netherlands	(FI)	1.6641		635 - 646	1.8655	1.6586	1.6807	2.4	1.6536	2.5	1,6216	2.5	
Norway	(NIC)	6.4049		039 - 059	6.4350	6.3680	6.4016	0.6	5.3964	6.5	6.3599	6,7	9
Portugal	(Ee)	152,090	+0.16		152,200	151,700	152,405	-2.5	152,995	-2.4	155.14	-2.0	9
Spain	(Pta)	125.480		440 - 520	125.560	125,100	125.78	-2.4	126.16	-22	127.7	-1.8	8
Sweden .	(SKr)	6.6999	-0.0006		6.6567	6.6218	6.8389	0.2	6.6413	-0.1	6.6163	0,4	8
Switzerland.	(SFr)	1.2074	+0.0016	070 - 077 .	1.2090	1.2041	1.2039	3.5	1.1964	3.6	1.1829	3,7	113
JK	(2)	1.5679	+0.0024	675 - 682	1.5726	1,5666	1.5675	6.3	1.5676	6.1	1.5716	-0.2	B
Ecu	_	1.2701	-0.0016	696 - 703	1.2747	1-2693	1.2709	-0.7	1.2725	-0.8	1.2813	-0.9	
SDR† Americas	-	0.68660	•	•				•	•	-		-	
Argentine.	(Peso)	0.9999		996 - 999	0.9999	0.9998		-		-		-	
Benzil.	(AS)	1.0172	+0.0001	171 - 173	1.0173	1,0168			-	-	-		
Canada	(CS)	1,3698	-0.0003	695 - 700	1.9700	1,3684	1,3696	0.1	1,3699	a.o	1,3727	-0.2	8
	w Pesci	7.6015		990 D40	7.6050	7,5950	7.763	-25.5	7.948	-16.2	9.7115	-27.B	
JSA	(\$)												9
Pacific/Middle		dries				_						_	•
vatrale.	(A3)	1,2602	-0.0023	599 - 607	1,2607	1,2633	1,2622	-1.8	1,2657	-1.7	1.2844	-1.8	9
long Kong	(HCS)	7.7335		315 - 356	7,7355	7.7327	7.7342	-0.1	7,736	-0.1	7.783	-0.4	-
ndia.	(Fig.)	35,7500		500 - 500	35,9500	35,6500	35.9	-5.0	36,205	-5.1	37,675	-54	
ernel	(Shid	3.1452	+0.0011		3.1477	3.1427	-		-	-54			
lapan		109,115		090 - 140	109,170	108.750	108.67	4.8	107.77	4.9	104.03	4.7	13
vietevala.	(Y) (MS)	2,4975		970 - 980	2.4983	2.4968	2,4984	-0,4	2.5045	-1.1	2.528	-1.2	J
				407 - 416	1,4416	1.4407	1.4442			-2.5	1,4746	-2.3	
New Zealand	(NZS)	1.4411					1,4442	-2,8	1,45	-2.0	14140	-23	
hilippines	(Peso)	26.2050		700 - 400	28.2400	26.1700		•	0.75		A 755-		
Sauxii Arabia	SFI	3,7506		504 - 507	3.7507	3.7504	3.751	-0.1	3.7517	-0.1	3.7551	-0.1	
erogapore	(35)	-1.4075		D85 - D85	1.4085	1.4085	1,404	3.0	1.398	2.7	1.3725	2.5	
iouth Africa	(P)	4,4980		965 - 995	4,5107	4.4880	4.5455	-12.7	4.6355	-12,2	4.973	-10,6	
outh Korea	(Won)	818.250		200 - 300	818,800	818,000			-			-	•
alwan	(13)	27,4980		810016	27,5010	27,4880	27,501	-0.2	27,506	-0.1		-	-
halland	(Bt)	25.3350	+0.048	250 - 450	25,3450	25.2950	25,4387	-4,7	25.8975	-4.8	26,52	-4.7	

Sep 5		Short 7	daye	One	months	St. months	
Belgien Fran	c 31	- 24] 3 - 3½ 3	- 3	34 - 3	314 - 312	38 . 33	3
Danish Kron	• 35	- 312 3	3 - 312	31 - 35	4 - 312	41 - 34 34 - 34 23 - 24	4
D-Mark	3/1	- 3/4 3/	L - 31L	34 - 3	3/4 - 3/4	316 - 316	3
Dutch Guilde Franch Franc	24			2년 - 2월	212 - 234	4 4	3
Portuguese (		- 3/4 3/	- 3.4 - 7.5	933 - 35 73 71	4 - 3 <u>13</u> 7 <u>3</u> - 7 <u>4</u>	7, 74	7
Spenish Pee		7. 7.	7.1	73 - 73	74 74	74 3	7
Sterling		55 5	- 745 - 514	7.3 - 7.3 34 - 511	51. 512	512 - 53	7
Swas Franc	2	- 1% 15	- 112 .	2.4 - 173	216 - 216	24 - 24	2
Carl Dollar	414		3%	44 4	44 - 44	476 - 476	4
US Dollar				512 - 514	511 - 514	512 - 553	8
Italien Lira	8	6 8	812	85 - 612	812 - 843	875 - 3,5	В
Yan Asian SSmo		2, 3	- 3	,2 - 1 <sub>2</sub> 3,2 - 3,2	3/2 - 3/4	334 - 34	3
Short men pr	-	all for the U	S Doller e	od Yen, oth	ers: two de	ve" notice.	
THESE					Low	Est. vol	
Sep	Open 95.86	Sett price 96.00	+0.11	96.00		33.250	•
Dec	95.68	95.84	+6.12	95.84		39.511	
Mar	95.71	95.88	+0.08			e,889	
THREE	MONTH	EUROM	IRK FUT	UNES (LI	FFET DM1	m points of	1 16
	Open	Sett price	Cheng	a High	Low	Est, vol	-
Sep	96.83	95.84	+0.01	98.85	96.83	14822	
Dec	96.75	96.76	-	96.77	96.74	50022	
Mar	96.58	96.61	+0.02	98.62	96.5B	19444	-
Jun	96.32	96,36	+0.02	96.37	96.32	17443	
THREE	HONTH	EUROLI	LA FUTU	RUES (LIFT	EF L1000	m points of	10
	Ореп	Sett price	Change	High	Low	Est, vol	C
Sep	91.30	91.39	+0.05	61.42	61.29	12478	
Dec	61.80	61.85	+0.04	61.88	91.75	14737	
Mar	92.09	92.16	+0.06	92,18	92,09	3232	
Jun	92.18	92.26	+0.06	92.29	92,16	1307	
N THREE SE	ONTH E	JRO SWISE	FRANC F	UTURES (	JFFE) SFr1n	points of 10	02
	Open	Sett price	Change	High	Low	Est, vol	C
Sep	97.82	97.84	+0.02	97.85	97.82	9135	
Dec	97.80	97.80	-	97,82	97.78	2183	
Mar	97.61	97.61	+0.01	97.62	97,59	2174	
Jun	97,36	97,38	+0.02	87.37	97,34	480	
THREE	MONTH	EUROYE	N FUTU	RMES (LIFE	E) Y100m	points of 10	209
	Open	Sett price	_	High	Low	Est, vol	
Sep	99.44	99.44	-0.01	99,44	99.44	280	
Dec	99.24	99.25	-0.02	99.25	99.24	1202	
Mer	99.06	99.05	-O.D4	99,06	99,04	1511	
THEREE	MONTH	ECU PUT	UNITED (L	JFFE) Ecu	1m points	of 100%	
	Open	Sett price	-		Low	Est, vol	C
Sep	95.64	95.68	+0.03	95.86	95.63	1175	
Dec	95.62	95.68	+0.02	95,66	95.62	1028	
	95.54	95.57	+0.03	95.57	95.53	167	
Mar Jun	95.33	95.37	+0.01	95,38	95.33	148	

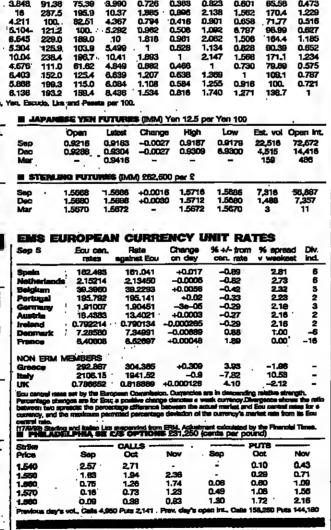
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CROS	S RAT	ES A.	10 DE	DIVA	TWE					-								
CROS	SRAIL	-8 A	AD DE	RIVA	I I V E		_		_		-		_		_		_	_
EXCHA	NGE C	ROS!	S RAT	ES .	. : .							- /		<b>.</b> .				
Seg	5 .	BFr	DKr	FFr.	DM	HE	L	· FI	NKr.	Es	. Pta	SKr	SFT	. £	C\$	\$	Y	East
Belglum	· (BP)	100	18.73	16.62	4,856.	1.973	4942	5.442	20.94	497.3	410.3	21.71	3.949		4.479	3.27	356.9	
Denmark	(DKr	53,38	10	8.871	2,502	1.053	2638		11.16	265,4	219.0	11.59	2.108		2.391	1.746		
France	(FFr	60.17	11.27	10	2.922	1.197	2974	3.275	12.60	200,2	246.9	.13.07	2,376		2.695	1.968		
Вентекту	(DM	20.59	3.858	3,422	1	0.406	1016	1.121	4.313	102.4	84.49	4.472	0.813		0.922	0.974		
reland	(NE	50.68	9.494	8.422	2.461	1	2504		10.61	252.0	207.8	11.00	2.001		2.270	1.656		
tely'	0.1	2.024	0.379	0.336	0.098	0.040	100.	0.110	0.424	10.06	8.303	0.439	0.080		0.091	0.086		
lothorland	s (Hi	18,37	3.442	3.054	0.892	0.363	908.0		3.848	91.38	75,39	3.990	0.726		0.823	0.601	65.58	
<b>Vorway</b>	(NKA	47.75	8.945	7.936	2.319	0.842	2360	2.599	16	287.5	195.9	10.37	1.885		2.138	1.562		
ortugal .	(Es)	20,11.	3.787	3.342	0,977	0.397	993.7	1.094	4.211	100.	82.51	4.367	0.794		0.901	0.658		0.516
Spain	(Pta)	24.37	4.586	4,050	1.184	0.481	1204	1.326	5.104-	121.2	100.	5.292	0.962		1.092	6.797	96.99	
Sweden	SK	48.05	6.627	7,658	2.236	0.909	2276	2.506	6.645	229.0	189.0	.10	1.818		2.062	1.508		
Witzerland	(SFr)	25.32	4.744	4.209	1.230	0.500	1251	1.378	5.304	125.9	103.9	5,429	. 1		1.134	0.828		
JK ·	(ES)	47.94	8.961	7.967	2,328	0.946	2369	2.609	10.04	238.4	196.7		1.893		2.147	1.568		1.234
Correcta	(CS)	22.33	4,183	3.711	1.084	0.441	1103	1.215	4.676	111.0	61.62	4.849	0.882	0.466	1	0.730	79.69	
JS	(30)	30.57	5.72B	5.081	1.485	0.603	1511	1,684	6.403	152.0	125.4	6.639	1,207		1.369	1	109,1	0.787
lapan	m	28.02	5.249	4.658	1.361	0.553	1385	1.525	5.868	199.3	115.0	6.084	1.108	0.584	1,255	0.916	100.	0.721
cu .		38.95	7.278	6.456	1.887	0.787	1920	2:114	6.136	193.2	159.4	8.436	1.534	0.816	1.740	1,271	138.7	1
aminh Krone	r. French Fr	ano, Norv		us, and S	mediah i	Gener pe	or 10; Be	gian Franc,	Yen, Esc	udo. Lina	and Pees	ta per 100						
										-	e ven	FUTURE	-	Von 12 E	V-	100		
D-MAR	C PUTUR	32 (IMM)	DM 125/	Joo per I	DIM!													
	Ореп	Letest	Change	High	1 L			Open int.			Open	Latest	Change	_				Open Int
ion	6.6757	6.6743	-0.0015	0.875			16,779	87,948	5ep		0.9216	0.9183	-0.002				22,516	72,672
		-			~ ~ ~	TOO	9 240	6.360	Dec		0.9288	0.9304	-0.002	7 0.930	N A.	3300	4,515	14,416
)ec	0.6794	0.6758	-0.001€	6.679		786 839	2,349	976	Mar	,		0.9416	-0.002		-	~~~	159	486

Sep	0.8295	0.8296	-0.0002	0.8295	0.8286	11,880	34,649
Dec	0.8362	0.8389	-	0.8369	0.8360	1,460 21	4,663
Mar		0.8438	. =	0.8475	0.8430	21	083
UK I	NTERE	ST RA	TES_				
LOND	ON MC	NEY R	ATES				
Sop 6		Over- night		One. month	Three months	Sbx months	One year
interbenk		712 - 512	512 - 512	54 - 55	512 - 514		64 - 512
Starting C		-	-	5-4 - 5/2	5段 - 6社	213 - 2-8	.54 - HE
Treesury 8				3종 - 25	518 - 512 513 - 518	c11 - 52	
Benk Bille		512 - 52	EL . 56.	212 - 2-8	21 21 SI	2 54	512 - 513
Local auth	onty deps.	215 - 216	24 - 28	24 - 28	OIR - 045	49.04	-10 - 016
		64 - 58				_	
UK clearin	o bank bas	e lending s	ate 5% per	cent from	June 6, 1	996	
			Up to 1.	1-3	. 3-6	6-9	9-12
			month	month	months	months	months
~d T	ax dep. (£1	00.000	212	5l <sub>2</sub>		. 5	434
				mile withdr	men for case	14pc.	
Aug. Marchy	rate of disc	2100,000 M Bun 10 Inua	30, 5.5148p	c. ECGO lbs	ed rate Stig.	Export Fire	ança. Maka
up day Aug	30, 1998. A	greed rate to	r period Se	25, 1996 (	o Oct 25, 16	n N A V 5.	25oc.
707		greed tate 10 for period Au se Spo from	ם ו, ופסס ת	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	-		
	THE PART IN	STERLER		RG /LIFFE	2500,000	points of	100%
- THUM					Low	Fet voi	Open int.
	Open	Sett price		High		29458	68439
Seo	94.24	94,19	-0.07	94.25	94,19		117949
Dec	94.27	94,16	-0.09	94.29	94.17	65776	82997
		~~~	A A7	04.00	98.98	29672	02581

E SURES FRANC FUTURES (IMM) SFr 125,000 per SFr

Price	Sep		4430			
9400	0.19	0.26	0.24	0	0.07	0.25
		0.10	0.13	0.08	0.16	0.39
9425	0.02	20.0	0.08	0.31	0.34	0.57
P450	0_	0.03		. 100	Calle 157417 Pub	162705
Est. vol. sotal	Colon 3489 Pu	P 3802 H	More cells	<b></b>		
					٠.	
			-		. :	
	B.	ASE LI	ENDING	RAT	ES	· <u>· ·  </u>
				%	· ·	
	%	_	Popular Bani		NatViestreinster	5.7
Adam & Co			LObrain Son	5.75	<b>OFten Brothers</b>	5.7
Allied Trust					Royal Bk of Soot	and 5.7
AIB Bank	5.75	Exetter 5	Bank Lingited		eSinger & Friedle	
OHenry Ace	hacha 5.75	Financia	& Gen Ban	k 7.00	MRHBR 4 LINE	. O E 7
Bank of Ben		•Pober	t Florring & C	205.75	eSmith 6 Witimes	3005 D. F.
Banco Baba				5.75	Scottish Wildows	1980 N D./
			oos Mehon	5.76	TSB	5.75
Barnix of Cyr.			ank AG Zurk	sh 5.79	United Bank of K	JWS1, 5.7
Benk of Irela			ros Benk	5.75	Unity Trust Bank	Pic 5.7
Back of Inch			a & Gen Inv 8		Western Trust	5.7
Benk of Sco	dend 5.75			5.75	Whitequery Laids	mr 5.75
Beickys Ba	nk. 5.75				Yorkshire Bank	5.75
Brit Bk of Mi	demot 5.75		9 E, C6	5.75	A CHANNA DOLL	.,
@Growni Shirl	NA Colld 5.75	Hangito	og & Strangh	al 5.75	Members of L	
Cilibank NA	5.79		odge Bank	5.76	S VENIDORE OF IT	البجوس
Clydescale i		· GLeopok	Joseph & Son	5.75	Investment Ba	THE PARTY
CACHECINE	ragive Banks.79		ianii.	5.75	Association	
Tria Co-000	GIN'S CO. 40./7				a la administrati	~

Dec 0.07 0.16 0.34



				- 10			
NON ERM	MEMBERS						
Greece	292.86	7 304.36		309	3.93	1.9	
Italy	2106.1	5 1941.5	2 -		-7.82	10.5	
INC	0.78665	2 0.81888	9 +0.000	128	4.10	2.12	2 -
		Europeun Commi Bour a positive di Processinge differen Permitted percen Liza suspended i EL SUB OPTIO					
	DELPHIA S			oU (cent			
Strike Price	0	CALLS	Nov	Ser		PUTS -	Nov
	Sep 0.57			- 36	-	0.10	0.43
1.540	2.57	2.71 1.94	2.36	-		0.10	0.43
1.550 1.560	1.63	1.94 1.26	2.36 1.74	0.0	3	0.80	1.09
1.570	0.16	0.73	1.23	0.4		1.08	1.56
1.560	0.09	0.38	0.83	1.3	0	1.72	2.16
		4,950 Puts 2,14					
_			أحسي				نزري
THREE	i MONTH E	URODOLLA	R (MM) 51	lm point	of 100	96 .	
	Open		_	_	LOW .	Est. vol	Open in
Sap	94.28	94.27 -0			4.26	56,187	336,84
Dec	93.87	93.84	- 93		3.83	126,741	470,79
War	93.69		0.04 95	.69 \$	3.64	92,498	318,27
	EASURY BE		2 AAA	m ner 10	1046		
					_		
Sep	94.80	94.78 -0	3.02 94	J.80 S	4.79	646	
Sap Dec	94.80 84.45	94.78 -0 94.43 -0	0.02 94 0,04 94	J.80 9	4.79 4.43	811	3,693
Sep Dec Mar	94.80 94.45 94.27	94,78 -0 94,43 -0 94,25 -0	0.02 94 0.04 94 0.08 94	L80 9	4.79		3,693
Sep Dec Mar M Open Int	94.80 94.45 94.27	94.78 -0 94.43 -0	0.02 94 0.04 94 0.08 94	L80 9 L45 9 L27 9	4.79 4.43 4.25	811 213	4,435 3,683 1,230
Sep Dec Mar VI Opto Ita EUROI	94.80 84.45 94.27 servet figs. ava	94.78 -0 94.43 -0 94.25 -0 for provious d IOMS (UFFE)	0.02 94 0.04 94 0.08 94 by DM1m po	L80 9 L45 8 L27 6 Inte of 10	443 443 425	811 213 PUTS	3,683 1,230
Sep Dec Mar M Open ha EUNEOI	94.80 84.45 94.27 servet figs. ava	94.78 -0 94.43 -0 94.25 -0 for previous d (ONS (LIFFE) CALLS Oct Nov	0.02 94 0.04 94 0.03 94 by DM1m poi	1.80 S 1.45 S 1.27 S Inter of 10	04.79 14.43 14.25 10%	811 213 PUTS	3,693 1,230 Dec
Sep Dec Mar M Open ha EUNO Strike	94.80 84.45 94.27 brook Sgn. and MARK OPTI	94.78 -0 94.43 -0 94.25 -0 for previous di IONIS (LIFFE) 	0.02 94 0.04 94 0.08 94 DM1m poi	.80 9 .45 8 .27 9 	04.79 14.43 14.25 10% Cct 0.06	811 213 PUTS Nov 0.06	3,683 1,230 Dec 0.16
Sep Dec Mar M Open in EUMOI Strice Price 2675	94.80 94.45 94.27 serost fig. and MARK OPTI	94.76 -0 94.43 -0 94.25 -0 for previous d lONS (LIFFE) CALLS Oct. Nov. .07 0.09 .02 0.02	0.02 94 0.04 94 0.08 94 by DM1m poi	.80 9 .45 8 .27 9 	0.06 0.26	811 213 PUTS Nov 0.06 0.26	3,683 1,230 Dec 0.16 0.27
Sep Dec Mar W Open in EUMOI Strice Price 9675 9700 9728	94.80 84.45 94.27 berest figs. are MARK OPTI Sep C 0.16 O. 0 O.	94.78 -0 94.43 -0 94.25 -0 for previous d (OHS (UFTE) CALLS Oct. Nov. .07 0.09 .02 0.02	0.02 94 0.04 94 0.03 94 by DM1m poi	.80 9 .45 8 .27 9 	04.79 14.43 14.25 10% Cct 0.06 0.26 0.50	811 213 PUTS	3,683 1,230 Dec 0.16 0.27 0.50
Sep Dec Mar W Opto hi EUNOI Strice Price 1675 1675 1675	94.80 94.45 94.27 sevent fign. new MARIK OPTI 860 ( 0.16 0. 0 0. 0 0.	94.76 -0 94.43 -0 94.25 -0 for previous d lONS (LIFFE) CALLS Oct. Nov. .07 0.09 .02 0.02	0.02 94 0.04 94 0.08 94 by DM1m poi 0.01 0.03 0.81	8ep 0.01 0.18 0.41	04.79 04.43 04.25 00% 0.06 0.26 0.50 0.50 0.50 0.50	811 213 PUTS Nov 0.06 0.26 0.50 417518 Put	3,683 1,230 Dec 0.16 0.27 0.50
Sep Dec Mar MI Opte Ini EUMOI Strice 275 2700 2725 Set. vol. tot EUMO Strice	94.80 94.45 94.27 seet fig. inv MARK OPTI Sop C 0.16 0. 0 0. 0 0. 0 0. 0 0. 0 0. 0 0. 0 0.	94.78 -C 94.43 -C 94.25 -C for previous d 10085 (UFFE) CALLS 0ct Nov .07 0.09 .02 0.02 .01 0.01 .1 Puls 2085. Pulse CALLS	Dec 0.11 0.03 0.81 0.81 0.81 0.81	.80 S .45 S .27 S ints of 10 Sep 0.01 0.18 0.41 a open int SFr 1m p	04.79 04.43 04.25 00% 0.06 0.26 0.50 0.50 0.50 0.50	811 213 PUTS Nov 0.06 0.26 0.50 17518 Put 1 100%	3,683 1,230 Dec 0.16 0.27 0.50 ts 355404
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(Common Code: 5149592, ISBN Code XS0051495926 otice is hereby given, in accordance with the Prospectus Supplemented April 5, 1996 relating to the above mentioned notes, that the Issue figness to redeem all the Notes on the Optional Redemption Date: eptember 26, 1996 at a price of 100% of principal plus accrued and appaid interest at 3.45% per annum through but not including the ription date of September 26, 1996.

September 6, 1996, London y: Cibbank, N.A. (Corposale Agency and Trust), Agent Blank CITIBANC

CALOR ROWENTA SEB. TEFAL CONSOLIDATED RESULTS FOR THE 1st SEMESTER (FF millions) 30.06.1996 30.06.1995 4,054 4,387 295 259 Operating income Net income 121 122 Net income + depreciation 334 336 The interim report will be available on 15th September.

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Emisión de Obligaciones Ptas. 10.000.000.000, Cupón 8,10%, Julio 2001

CORRECCIÓN DE ERRATA

En relación con la emisión de obligaciones realizada por el Finnish Export Credit Ltd. y cuyos datos aparecco reflejados en el epígrafe superior, se comunica que las fechas de autorización del Consejo de Dirección del Finnish Export Credit Ltd. fueron el 14 de Diciembre de 1995 y 6 de Junio de 1996 no el 10 de Junio de 1996 como se hace coostar eo los cootratos y folleto de la emisión de

Madrid, 3 de Septiembre de 1996 - Luis Ordóñez Alonso

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Option Bonds due 1996 e reminded in accordance with Clause 8 (XVII) of the Trust Deed dated 26, 1986 that the last date upon which they can elect to convert their ads into ordinary shares of Lend Lesse Corporation is October 28, 1996. Holders wishing to exercise their conversion rights may do so by completing and delivering a Notice of Conversion (obtainable from the offices of any of the Paying Agents listed below) to the Paying and Conversion Agents.

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lining Correspondent

World copper production in the first half of this year showed a substantial rise a supply deficit, according to could take one or two years. the International Copper Study Group, a United Nations body.

Mine and refined copper production were 7.9 per cent and 6.3 per cent higher in the half-year than in the same months of 1995, says the ICSG. Total production of refined copper from primary and secondary (scrap) sources was 6.066m tonnes Consumption, meanwhile, grew by only 1.2 per cent

compared with last year, to 6.158m tonnes. This left refined stocks at about 1.06m tonnes at the end of June, down by nearly 140,000 tonnes since the end of Janu-

The group points out that within total production, copper produced by the solventextraction, electrowinning method - which does away with the need for smelting jumped by 43 per cent compared with the first six

months of 1995. GNI Research, part of the Gerrard & National commodities group, says in its latest Commodity Perspective publication that "the introduction of sx-ew has shifted the cost curve sharply to the right so therefore the average price of copper production has come down". Nevertheless, the marginal cost of producing copper remains at 70 to 75 US cents a pound (\$1,550 to \$1,650 a tonne).

GNI says that, typically, base metal production will continue at prices below marginal cost for about six months before closures occur. But if high cost producers have hedged forward, sluggish. Yet there was still it is possible that closures

> "This would actually he better for the health of the copper market," argues Mr Lawrence Eagles, GNI's analyst. "The longer copper persists at prices that provide mans from heaven for the lowest cost producers, the greater the explosion in output will be. It is sobering to realise there are copper pro-ducers who would still he making a 25 per cent profit at \$900 a tonne (41 cents a pound). Some can currently pay back the investment of a new development in just two years at current prices."

Mr Eagles suggests that, because the copper market has been in deficit for most of the past ten years and prices have been buoyant, "copper supply is on the verge of en explosive surge". He predicts a supply sur-plus of about 189,000 tonnes will emerge this year, 150,000

tonnes of it in the second half. In 1997, "preliminary indications" euggest the sur-plus would be 450,000 tonnes. He suggests that the average price of copper for delivery in three months on the London Metal Exchange will fall to \$2;155 a tonne (98 cents a pound) before sliding to \$1,700 to \$1,750 in 1997 (77 cents to 79% cents). He adds: "\$1,600 should provide a reasonable target for trading low next year. However, it

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Sally Bowen reports on the development of the Iscaycruz deposit, 4,800m above sea level

t a breathless 4,800m above sea level and surrounded by still higher jagged peaks Peru's first new zinc mine in a decade is now swinging into top gear. This month throughput at the rich Iscay. cruz zinc deposit should reach the concentrator plant's initial 1,000 tonnes-aday installed capacity, making it the country's leading privately-owned zinc pro-

Controlled by Glencore of Switzerland (the Zug-based minerals trader and successor to Marc Rich), with a 25 per cent state participation, Iscaycruz is scheduled to produce 125,000 tonnes of zinc concentrates (an intermediate material) a year in its first phase, boosting Peruvian national output by

Ore grades are averaging 21.4 per cent zinc, considerably higher than projected. That makes Iscaycruz one of the world'e richest zinc mines. Future potential looks even more encouraging; operations so far are restricted to just 5 per cent of the 27,000-hectare claim

Mr Juan Jose Herrera, way at the Limpe Sur

Brazil's Parapanema Group, one of the for next Friday. A polymetallic zinc, lead country's principal exporters of copper and and copper mine with some silver and gold, zinc, is one of several international mining. Yauricocha has a minimum price tag of companies evaluating the production units of state-owned Centromin, which are scheduled for sell-off in coming months. Others include Cominco, Echo Bay and Rio Algom, all of Canada, and Mexico's Penoles. Para-panema says it has up to \$100m earmarked to spend in Peru over the next five years. Yauricocha is the first Centromin unit to

iscaycruz's general manager, says the company will be looking for a joint venture partner as early as next year for exploration work on two new deposits known as Limpe Norte and Chupa. Savage Zinc of Australia and Canada'e Cominco - which bought Peru's former stateowned Cajamarquilla zinc refinery in November 1994 and is considering expansion

 could be candidates. At present operations are concentrated on the two orebodies that make up Limpe Centro, the 2.7m tonne deposit on which the investment decision was made. Here, open-pit and underground operations are being carried out simultaneously. Exploration is also under

eagerly analysed with some showing grades in excess of 40 per cent zinc. "There's definitely something there, says Mr Herrera, but it's too early to say for sure how good the overall grades are." The story of Iscaycruz is not unlike that of many interesting but long-neglected Peruvian mining prospects. It was first discov-Cerro de Pasco Corporation,

deposit: samples are being

ered by the former US-owned which, under the left-wing military regime's expropriations and nationalisations in the early 1970s, became Centromin. The prospect, wellstudied by Peru's geological institute Ingemmet and Japan's Metal Mining Agency, passed on to the books of Mineroperu.

\$10m. Additionally, the new owner will be required to invest at least \$18m in the next three years. The Centromin privatisation committee

expects to follow Yauricocha in late October with Casapalca, also polymetallic. Centromin's hydro-electric plants will be offered in December and the vast smelter and refinery go under the hammer with auction date set complex in January 1997.

> iscaycruz then lay for years coveted but largely undeveloped by the cashstrapped state mining company. Finally, shortly after the new Fujimori government took office in 1990, a special regime was established allowing Mineroperu to associate with three pri-vate sector companies - Paraibuna do Metais and Odebrecht of Brazil, and Peru'e Buenaventura - and thus secure the necessary funding

for expansion. Snbsequently, in a twostage operation, Glencore hought out the original shareholders and it now holds 45 per cent on its own account, plus 30 per cent through the locally-listed zinc mining operation Perubar, which it controls.

totalled \$52.7m, slightly over budget. Over half has gone on mine equipment and development, the concentrator plant and the slurry pipe which, for ease of transport, takes the concentrates 24km down the mountain to a mere 2,200m above sea level. Here, they are de-watered and trucked some eight

hours to Lima'e port of Cal-

Iscaycruz'e concentrator plant is not yet up to speed. Throughput varies between 500 and 700 tonnes a day. Although design capacity is for 1,000 tonnes, which managers expect to be reached this month, the plant has processed as much as 1,500 topnes within 24 hours on a trial basis and on-site managers say raising throughput to 2,000 tonnes would be simple and relatively inexpen-

Operations are at present concentrated on stripping the zinc-hearing ore from a mineralised onterop in the orebody known as Olga. Although hy next March mining at Olga will be completely underground, some 180,000 tonnes of ore can be

By Deborah Hargreaves

Cocoa producers meeting in

London next week will dis-

cuss the use of vegetable fat

in chocolate, which produc-

ers believe will lead to a

drop in demand for cocoa of

between 200,000 and 250,000

tonnes a year, according to a

statement from the Ivory

Coast, the world's largest

Investment so far has methods, Here, operating costs are between \$10 and \$12 per tonne of are, com-pared with \$18 for under-

ground operations. Glencore is already exploring on its own account in Limpe Sur. Company remain officials cagey: "There's definitely something there, but we need more time to evaluate the grades", says Mr Her-

Mr Ricardo Briceño, Glencore's rapresentative in Peru, is optimistic about the future of zinc. "Ecologically epeaking, it's marvellous and the current international price is low," he says.
In what appears to be a move away from the traditional trading role it inherited from the Marc Rich days

acquiring through "capitalisation" the state-owned Vinto smelter and refinery complex near Oruro. Bolivia. The partial privatisation of Vinto has been much delayed by worker resistance at the Comibol controlled Huanuni and Colquiri mines.

and into production, Glen-

core remains interested in

It is, however, hoped to sign an alliance with a private eector investor operator extracted using open-pit before the end of the year.

Cocoa demand cut feared

# Pulp producers announce more price rises

By Bernard Simon

Several European and North American wood pulp producers have announced their second price increases in

three months. With the market finely balanced, the mills' ability to push through another increase is expected to hinge on their willingness to sustain recent production cuts. and on fourth-quarter paper consumption. Price hikes for a number of paper grades are also in the pipeline.

Weyerhaeuser, the world's higgest pulp producer, plans

197.65 -0.55

72.5 73.0 73.5

1102

industry benchmark, by US\$40 to \$620 a tonne on October 1. Several Canadian and Swedish producers have announced a \$50 increase. Hardwood pulp mills have

posted similar increases. The pulp market has been unusually volatile over the past three years. NBSK prices surged from \$390 a tonne at the end of 1993 to a peak of almost \$1,000 in . of an increase in inventories summer 1995. They then that would put the price plummeted by almost 50 per cent as mills and consumers unloaded excess inventories.

Production cutbacks have restored a measure of eoui-

bleached softwood kraft, the recent months. Mills raised NBSK list prices by \$60 to \$580 in July, but the full increase has only recently been implemented.

Mr Alex Yambanis, president of Toronto-based St Anne Pulp Sales, which represents a large North American producer, said "the market is in overall balance. There is no shortage of pulp, but there is not a perception that would put the price increase in jeopardy."

Demand for printing and writing papers in Europe has improved recently, and producers detect eigns of a will not be a floor forever". I to raise the price of northern librium to the market in rebound in purchases of

lightweight coated grades; used mainly for magazine and catalogues. Demand in some Asian countries, nota-bly Japan end South Korea, is also relatively buoyant. However, Mr Roger Wright, a UK-based analyst,

said the recent pick-up in demand was mainly due to rectocking rather than higher paper consumption. He said prices might slip back if stocks continued to rise. "Much will depend on production rates in the fourth quarter," he warned. Mr Yambanis agreed that "the game will be dependent on the resolve of us produc-

producer, yesterday. The European Commission has been wrangling over the reform of its 1973 chocolate directive for many months. It is debating a move to allow more countries to use vegetable fats in chocolate' -Britain, Denmark and some US\$600m a year.

JOTTER PAD

Ireland use up to 5 per cent vegetable fat while others

use only cocoa butter. "Producers are right to be worried. There will be a very simple substitution of vegetable fat for cocoa which will harm producers and have a negative effect on prices, said Mr Zeolt Papp, commod-

ities analyst at UBS. Mr Papp believes the drop in demand will be around 120,000 tonnes. The European Union uses 1.1m tonnes of cocoa beans a year mainly for chocolate.

The Ivory Coast estimates the drop in demand for cocoa will cost producers

# COMMODITIES PRICES

BASE METALS **LONDON METAL EXCHANGE** (Prices from Amelgamated Metal Trading)

M ALUMINIUM, 99.7 PURITY (5 per torme)

Close	1458-69	1492-93
Previous.	1474-75	1509-10
Highlow	1474	1512/1486
AM Officia	1473.5-74	1508-08.5
Kerb close	,	1491-92
Open Int.	208,941	
<b>Total daily</b>	turnover 39,777	
M ALUME	NIUM ALLOY (5 per to	rine)
Close	1240-50	1275-85
Previous	1258-63	1292-87
High/low	-255 55	1288
AM Officia	1252-55	1286-87
Kerb close		1280-90
Open int.	4.974	••
Total daily		
	\$ per tonne)	
Close	e15.5-6.5	811-2
Previous.	821-2	815.5-6.0
High/low	820	e18/810
AM Official		814-5
Kerb close		813-4
Open int.	33,572	813-4
Total daily		
NACKEL	. (\$ per tonne)	
Close	7380-90	7480-85
Previous:	7490-500	7590-600
High/low	7431	7550/7420
AM Official		7530-32
Kerb close		7495-500
Open Int.	37,629	
Total daily t	turnover 10,345	
TIN (\$ p	er tonne)	
Close	e170-80	6225-30
Previous	6205-15	6260-65
High/low	6192	6255/6220
AM Official		6250-55
Kerb close		6220-25
Open int.	14,381	
Total daily t		
ZINC, s	pecial high grade (\$ p	er tonno)
Close	1013-14	1039-40
Previous	1013.5-14.6	1040-40.5
High/low	1015.5/1014.5	1043/1039
AM Official		1041.5-42.5
Karb close		1039-40
Open int.	63,896	
Total daily t		
■ COPPE	R, grade A (5 per tonn	<del>a)</del>
Close	1943-48	1937-39
Previous	2051-53	2030-32

88.90 -5.25 95.50 80.60 82.0 5,006 88.50 -5.00 93.40 89.80 75 1,220 89.30 -5.50 92.50 80.40 7 1,448 89.00 -5.40 94.40 88.90 5,781 24,980 88.50 -5.20 82.75 88.40 8 9 1,017 7.540 55,282 PRECIOUS METALS E LONDON BULLION MARKET (Prices supplied by N M Rothschi

LIME AM Official SAS rate: 1,56 LIME Closing SAS rate: 1,5678

HIGH GRADE COPPER (COME)

Spot: 15073 3 mile: 1.5670 8 mile: 1.5684 9 mile: 1.5702

Kerb close

Gold(Tray az) \$ price 306,00-356,30 Morning fix 386.00 Afternoon fix 386.007 248.08 486.40 366.50-366.60

3 months . 231,25 335,45 532.90 347.75 \$ price 386-389 392-70-395-20

55-57

401.3 -0.8 402.5 401.5 200 3.946 404.1 -0.8 - - 87 272 407.8 -0.8 - - 2 4 404.1 -0.8 407.8 -0.8 2,884 25,305 PALLADRUM NYMEX (100 Yray az; Sáray az) +0.55 124.75 124.75 42 888 +0.15 127.00 128.50 248 7,485 +0.25 - 2 185 +0.26 - - 109 125.55 +0.56 124.75 124.75 SILVER COMEX (5,000 Troy oz.; Ownterfroy oz.) -3.2 516.5 510.0 142 895 -3.7 - 3 -3.7 625.0 515.5 10,218 61,753 **ENERGY** CRUDE OIL NYMEX (1,000 barrels. \$/burrel) +0.11 23.45 22.99 43.829 76.994 +0.12 22.76 22.34 17,310 43,923 +0.14 22.10 21.80 11,584 50,857 20.90 2,000 24,170 20.45 1,832 14,722 90,425 377,738 +0.02 22.15 21.79 11.074 57.498 7 11,074 57,456 7 7,701 41,024 2 156 28,077 210 18,357 385 8,111 512 7,340 22,861 186,755 20.84 +0.01 20.75 20.56 20.26 -0.01 20.28 20.01 18.71 -0.05 18.71 19.60 12.10 -0.13 19.18 19.10 HEATING OIL NYMEX (12,000 US puls.; o/US guils.) +0.54 65.00 63.80 12.120 40.581

84.75 +0.44 65.00 63.90 53.98 16,955 64.75 +0.44 65.00 63.90 53.98 5,388 16,955 63.95 40.39 64.05 63.20 2,035 15,367 82.20 94.45 62.20 51.51 471 8,287 59.45 +0.44 58.46 58.76 54.4 4,799 59.45 +0.44 58.46 58.76 54.4 4,799 27,518 125,243 Sett Day's Open price change High Low Vel int 212.75 +5.25 213.50 204.50 7,012 17,458

203.75 +1.59 204.00 193.00 7.04 17.067 198.75 - 196.00 196.25 2.016 11.334 194.75 -0.25 194.75 192.25 1,062 77.294 190.25 -0.75 190.50 188.00 386 5,617 184.75 -1.25 184.00 183.00 57 1,255 20,300 81,306 III NATURAL GAS NYNEX (10,000 Rusell; \$/Nusell) 1.825 +0.061 1.840 1.785 9.853 32.520 2.005 +0.068 2.015 1.900 3.412 16.257 2.168 +0.057 2.165 2.076 2.408 17.253 2.210 +0.050 2.230 2.141 1.933 14.203 2.150 +0.055 2.170 2.080 1.239 7.728

NYMEX (42,000 US cells.) c/US cells.) 84.10 +1.14 64.30 62.50 9,204 27,163 62.45 +0.85 62.70 61.35 3,247 8,510 60.15 58.15 5,218 4,932 1,537 59.25 +0.30 59.25 58.45 991

Precious Metals continued GRAINS AND OIL SEEDS SOFTS M WHEAT LCE (2 per tonne) Sett Day's Open | Day |

M. COCOA LCE (Prome) 922 -29 952 945 40 3,727 968 -7 860 968 1,505 38,314 991 -6 1001 960 1,511 41,860 1005 -8 1011 1005 199 21,675 1021 -5 1025 1020 188 11,643 1036 -4 1042 1096 285 3,800 III PLATINUM NYMEX (50 Tray az.; \$/tray az.) III WHEAT CET (5,000bu min; cents/50b bushe) III COCOA CSCE (10 tonnes; \$/tonnes) 1330 +1 1336 1336 5 166 1365 -7 1366 1352 8,664 33,559 Sup 447.60 -1.50 440.50 441.60 1,637 5,586 Sup Dec 446.00 -1.25 446.00 458.50 10,517 42,229 Dec 71.25 -1.75 440.50 435.00 986 10.061 424.25 +1.75 424.50 418.00 49 582 384.00 +0.90 384.90 388.00 173 3,777 384.00 -1.00 385.00 388.00 - 42 1388 1,308 17,233 1413 184 8,028 1430 40 5,867 1445 18 5,467 1399 1415 1434 III MAZZE CBT (5,000 bu mire cente/58to bushel) E COCOA (CCC) (SDR'e/tonne) 362.25 +3.50 362.50 358.50 7,086 18,123 384.75 +1.25 335.50 332.75 41,905188,736 342.50 +1.25 343.00 340.50 4,618 43,126 348.75 +1.25 349.25 347.00 1,883 16,920 349.00 +1.25 349.25 347.25 1,063 11,888 318.00 +2.25 318.50 318.00 74 1,434 57,115 287,788 IN COFFEE LCE (\$/torna) -9 1510 1590 335 3,011 -2 1588 1550 2,510 14,091 -3 1532 1512 1,585 5,285 -1 1500 1482 511 3,774 +7 1484 1463 335 602 +8 1461 1461 12 175 1509 1582 1526 1481 1481 1487 96.85 -0.80 96.85 96.85 101.55 -0.80 101.90 101.50 103.65 -0.95 104.10 103.50 105.65 -0.85 105.50 105.50 IN COFFEE 'C' CSCE (37,500lbs; cents/lbs) 122.80 -1.60 124.75 122.60 162 960 111.60 -1.20 118.70 111.50 5.540 18.291 M SOYABEANS (ST 6,000to mit; conty60to bested) 107.45 -0.55 108.00 107.00 1,982 1 107.25 -0.80 108.80 107.20 122 1 108.75 -0.75 - 4 108.75 -0.75 - -815.25 +17.50 815.50 880.50 2,386 5,581 783.75 +15.50 797.80 780.80 37,978 125,443 882.75 +14.75 803.50 780.80 3,838 22,534 808.00 +13.50 808.50 794.00 1.899 13.123 8,848 27,317 COFFEE (ICO) (US certs/pound) M SOYABEAN OIL CET (SO,000(b); cents/(b))

25.37 +0.32 25.37 25.15 5.588 3,725 25.51 +0.30 25.52 25.27 4,822 14,399 25.93 +0.33 25.95 25.70 11,412 39,376 26.10 +0.35 26.10 25.95 520 7,207 28.55 +0.36 25.95 52.50 06,838 26.77 +0.25 26.85 26.50 561 4,379 25.95 77,207 347.7 -2.1 259.5 248.0 1,471 7,947 345.6 -1.8 347.9 345.5 709 5,835 349.3 -0.5 344.5 343.0 394 8,204 8,04 341.5 340.0 50 5,261 339.5 40.2 339.3 339.0 29 1,510 228.3 41.0 327.5 327.5 8 1,056 .50 \$.281 29 1,110 8 1,056 2,866 27,567 SUGAR 41' CSCE (112,000fbs; cents/lbs) 12.01 -0.11 12.08 11.95 77.025 77.957 11.57 +0.03 11.89 11.58 4.458 57.583 11.40 +0.04 11.42 11.82 12.25 18.495 11.07 +0.05 11.09 11.00 771 12.738 10.80 +0.05 10.82 10.82 550 8.383 11.00 771 12,732 10.82 350 6,363 10.88 45 1,036 III COTTON NYCE (50,000bs; certs/fbs)

296.1 +3.5 296.5 292.1 6,290 12,807 257.2 +4.7 257.4 252.0 5,028 18,421 253.8 +0.1 254.0 247.8 9,835 37,503 251.8 +4.5 251.8 247.2 457 7,198 251.8 +6.1 252.0 245.5 1,012 7,390 247.5 +6.5 247.5 245.0 1,174 5,428 247.5 +6.5 247.5 243.0 1,174 5,428 24,834 POTATOES LCE (E/tonne) 1,073 72.72 -2.19 74.89 72.65 1,489 8,025 71.84 -1.26 75.82 74.80 8,938 30,313 74.85 -1.95 76.75 74.80 576 8,506 75.73 -1.82 77.85 75.70 895 8,201 78.45 -1.70 77.80 78.20 367 4,811 -8 1105 1095 -3 1225 1190 -5 1255 1240 - 1265 1255 -2 79 836 300 1,521 6 77 27 899 ORANGE JUICE NYCE (15,000bg certa/ba) 113.00 -1.80 115.50 113.00 570 748 103.10 -2.10 108.40 103.00 5,233 8,610 104.15 -2.30 107.50 104.10 1,197 5,090 106.00 -2.25 110.75 108.50 124 502 106.70 -2.25 -1.075 108.50 124 502 106.70 -2.25 -1.075 108.50 124 502

FUTURES DATA All futures data supplied by CMS.

M SOYABEAN MEAL CET (100 tone; \$/ton)

Auction prices held firm this week with only very minor changes. The Australian market Indicators were just a few cents down with Indicators were just a few cents down with the Eastern market easing 8 cents to 907 and the Western down 11 cents at 542. The New Zestend indicator was unchanged at 480 cents. At the end of last week the Australian Primary Indicatries Minister amounced that stockpile disposal policy would become more feedbal. In week markets the legislated 182,000 bales each quarter could be reduced to \$0,000 and stronger markets could see it raised to \$50,000 bales. The previous fixed echeme led to reduced wood production. Treatment to research difficulties for Wool Int. In belancing the need for rising wool production against disposal pressures.

VOLUME DATA
Open interest and Volume data sha contracts traded on COMEX, NYMEX, CST, NYCE, CME, CSCS and IPE Crude Oil are one day in arrears: Volume & Open Interest totals are for all traded months.

7.679 17,177

INDICES

REUTERS (Base: 18/9/51=100) Sep 5 1951.5 Sep 4.5 month ago year ago 1953.9 1931.6 2194.6 E CRE Putures (Base: 1967-100). Sep 4 Sep 3 247.10 248.98 # GSCI Spot (Base: 1970=100) Sep 3 month ago year ago 201,11 198.04 181.58 MEAT AND LIVESTOCK III LIVE CATTLE CIVE (40,000bs; cents/bs)

ers to take downtime."

Price change 19th Law 19th Int.
71.350 -0.275 71.875 71.250 5,074 41.259
67.700 -0.050 67.875 67.500 48,954 25,319
65.425 -0.100 65.850 85.250 854 15,158
87.025 -0.120 65.850 66.850 67 2,787
85.100 +0.050 65.400 65.050 67 2,876
11,802 84,160 III - LIVE HOGS CME (40,000fbs; parts/fbs) 53,680 +1,000 83,950 62,900 3,103 12,189 75.375 +0.325 75.700 75.200 72.625 +0.125 73.000 72.550 77.625 +0.225 77.650 77.400 78.925 +1.075 77.325 76.100 1,602 4,911 76.075 +0.660 77.580 78.390 341 1,025

Out

LONDON TRADED OPTIONS

77,950 +0,925 78,200 77,400

40 127 1600 18 48 102 58 100 156 COFFEE LCE COCOA LCE Oct 83 LONDON SPOT MARKETS IN CRUDE OIL FOB (per burrel) \$10,84-9.91 \$22,06-2.10 \$22,08-2.10 \$23,38-3.40x

\$217-218 Heavy Fuel Of Naphtha. M NATURAL GAS F Bacton (Oct) Petroleum Argus. III OTHER 14.30-14.45 +0.05 ton (0171) 350 8792 Gold (per troy oz) Siver (per troy oz) Patadium (per troy oz.) \$386.15 518.50c \$394.25 \$126.00

+1.00

101.0c 45.00c 15.18r Leed (US prod.) Tin (Quela Lumpur) Tin (New York) 290.50 Cattle (the weight) Sheep (the weight) Pigs (the weight) 95.51p 123.09p 108.27p Lon. day sugar (raw) Lon. day sugar (wte) Basiey (Eng. feed) Malze (US No3 Yellow \$311.70 \$968.00 Unq \$141.5v Unq

Wheat (US Dark Nor Rubber (Oct) P Rubber (Nov) P Rubber (KLRSS No1) 88.75p 88.75p 332.50m \$745.0z \$565.0v Coconut Oil (Philis Palm Cil (Malay.)§
Copra (Phil)§
Soyabeans (US)
Cotton Outbook A' Index \$475.02 Wootopa (64s Super)

CROSSWORD No.9,166 Set by QUARK

ACROSS
1, 5 He'd like his work to be 9 State bar set in a reminder

of the past (6)

10 The morning exam lacking proper standards? (6)

12 Put too much stress above second gallery (9) Gravestone inscription con-cerning the cathedral place (5) 14 Fellow's employment part

of the circuit? (4)
16 If returning to the loch, English can show tact (7) 19 Standing one's a good reception (7) 21 Name the building plot, say 26 Plant support in wet (4) ground (5) (4) 24 Cricketer? He's to have a

dip (5)
25 He can't sue ill-prepared female singer (9)
27 Testify at the trial (6) 28 The painting provided one church some craft (8) 29, 30 Artless hobby? (6,8)

DOWN 1 The churchman's normal issue (6) 2 The Academy's support is a useful weapon (6) 3 It's a puzzle about the pub-

lic transport (5) . 4 Copy one at time, perhaps

Pharman

Invitable of

Product 1

Basis Sa

Walter !

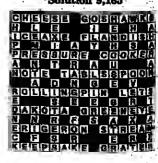
7.

6 Artist making a mark in the new term (9) 7 Resting at home with the engineers set (2.5) 8 Inspired story-time in unusual end (8) 11 Carp? No. this is meat (4) 15 Applicable to all cases sig-nified by "U" (9)

17 The best money for the most senior officers (3.5). 18 Jack of all trades, model of tact? With hesitation (8) 20 Pleasant resort (4)
21 Displeasant resort (4)
21 Displeasant shown? Put on better face after tea (7)
22 Useless fuel - it's slack (6)
23 Drop in yield (6)
24 Pleast support in wet

Solution 9,165

1



Europeans are envious of the US labour market but it is not as healthy as it seems, says Robert Taylor

The US official monthly jobless rate of about 5 per cent contrasts sharply with an average of about 10 per cent in the European Union. But this week's pre-release of the biennial report on the state of working America Institute, the Washingtonbased think tank, suggests the commonly held optimis-tic picture needs to ba heavily qualified.

American workers are suffering from pay stagnation, growing income inequality as well as job insecurity, the report argues. Pat Bnchanan, the Republican presidential hopeful, tried to exploit those discontents in the Republican primaries without success - but this does not mean the concerns

id cut feared

WORD

Although amployment and national income are the US labour market. This

closer look at an optimistic picture growing and unemployment is how "to generate adequate is falling, the incomes of the vast majority of workers majority bava not yet returned to

tbeir pre-recession 1989 level, says the report. If the current expansion should end within the next two years or so, it is unlikely that family incomes will be higher at the end of the business cycle than at the begin-ning. The primary problem is the broad-based erosion of wages and growing wages inequality that have continued as strongly in the 1990s as in the 1980s."

Tha outlook is a gloomy one. As the report says: "The US has already taken the low-wage path to wellbeing due to the cumulative impact of both government policy and business strategy. The economic shift to a more deregulated economy over 1979-94 has been all pain and no gain. It goes on to describe tha "fundamental economic problem" facing income growth for the based on jobs paying high hourly wages and benefits". But on the evidence it is hard to see the prospect of any immediate improvement

The centre-left think tank is keen to avoid drawing any political conclusions. "Presidential years do not correspond to business cyclical peaks or troughs and are therefore inappropriate time periods for economic analy-

What particularly worries the report's authors in the longer term is the growth in. employment insecurity even in tha present economic recovery. The institute presents data which suggest 10.1 per cent (13.47m people) are "underemployed", twice the registered jobless total.

That figure includes 4.5m workers in part-time employment who want to work full time, and the so-called "discouraged" workers. They are arrangements". These con-

defined as those who want to work but have been discouraged by their lack of success. There are also the people who are neither working nor looking for work at tha moment but who indicate they want and are available to work and have searched for a job over the past 12

workforce which is hired on a temporary basis has also increased. In 1986 36 per cent of businesses used an internal pool of temporary work-ers. Three years later 97 per cent of companies reported employment agencies and 78 per cent carried out indepen-dent contracting. In 1995 an estimated 4.9 per cent of workers (6m) said they did not expect their jobs to last

more than one more year.

The US Bureau of Labor temps and those provided by contract companies. Statistics has estimated that 12.2m workers are employed employment, together with on what it calls "alternative impose severe economic

sist of independent contrac-

tors, on-call workers and day

labourers, workers paid as

hardship on a large portion of the labour force. The report says: "Job loss was as common in the 1991-93 recovery as it had been in the 1981-83 recession. Job losses among white-collar workers accounted

for a significant share

"Since the average job loser's new job pays about 15 per cent less than his or her old job, the sustained, high level of job displacement has profound implications for American living standards." the report says. The study bighlights an important unions, collective bargaining and the national minimum employment shift in the labour market during the 1990s towards low-wage jobs ln private services as higher-paid manufacturing

of the increase, it adds,

The study takes a pessi mistic view of the future. While it accepts an that increasing number of the new jobs will require greater skills from applicants - especially bigher basic literacy and numeracy standards - it does not believe the employment structure means the emergence of more higher-paying jobs. It also forecasts a slowdown in the demand

None of this seems likely to make much difference to the outcoma of this November's presidentlal alection. But those in Europe who continue to draw inspiration from the bouyancy of the US labour market may find much food for thought if tbey read this carefully researched study when It becomes available later on

explanations. Although no over-riding factor is high-

lighted, the study does sug-

gest there are "general dere-gulatory, laisser faire shifts

weakened the bargaining

power of workers, both

union and non-union, both

blue- and white-collar. It estimates that between two-

thirds and three-quarters of

the growth in wage inequal-

ity has been caused by the

institutions [that is, trade

wagel the impact of globali-

low-wage service industries"

weakening of labor-market

The State of Working America. Available in December from Economic Policy Insti-tute, 1660 L Street, NW, Suite for more qualified workers.

The Economic Policy Institute, 1660 L Street, NW, Suitute provides a number of 1200, Washington DC 20036.



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Price Waterhouse

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Next Step

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- Two to three years' experience as an international economist possibly in the
- Excellent computer skills and experience with econometric software.
- Proven analytical capability and an ability to assess the impact of economic developments on financial markets.
- An inquisitive approach to economic research and a willingness to question received wisdom
- Numeracy and lucid writing style.
- Strong communication skills and a high level of motivation and professionalism. To apply, please send a CV and a covering letter to: Samantha Pollock (ref: Economics), Office of Development, Morgan Stanley, 25 Cabot Square, Canary Wharf, London E14 4OA.

Previous applicants to our advertisement for an Economics Associate need not re-apply. Closing date: 20th September, 1996.

**MORGAN STANLEY** 

# **Mining Finance**

# An opportunity to develop a new business

London

Our client is a European Bank with a particularly strong emphasis (and reputation) in commodity finance. Strategic plans to diversify operations include the establishment of a mining finance area with a specific bias towards advisory services and we are looking for an experienced candidate who will spearhead the project.

It follows we will require candidates with proven analytical abilities gained, probably, within a corporate finance or mining arena. A comprehensive understanding of finance and corporate business criteria together with detailed knowledge of mining project evaluation techniques is taken as read. Additionally, however, we will be looking for self-confidence, presentation skills of the highest order and the ability (and willingness) to take advantage of substantial autonomy, having achieved the right level of credibility.



This is a rare opportunity to influence a start-up operation. The salary/benefits package has been designed to attract the best.

Please send full CV including current salary details to Trish Collins at:

Exchange Consulting Group, 13 St Swithin's Lane, London ECAN SAL Tel: 0171 929 2383 Fax: 0171 929 2805

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# **Corporate Finance Equities Division**

Kleinwort Benson is a leading international Investment Bank based in the City. During 1995 Kleinwort Benson became a member of Dresdner Bank AG, one of Europe's leading financial services groups. The combined skills and resources of the two groups have created a leading force in international banking.

The Corporate Broking department, which is part of Kleinwort Benson's Equities Division, is responsible for advising a portfolio of over 130 UK corporate clients. Over 100 of these clients are industrial and commercial companies with the remainder consisting of investment trusts.

The success of the Corporate Broking department means that it is seeking to recruit additional professionals who either have corporate finance experience or who are newly qualified ACAs or solicitors.

Successful candidates will be involved in a variety of different projects and transactions ranging from flotations, equity raisings, mergers and acquisitions to generalist advisory work. As a result of the demanding environment and the breadth of business covered, the department has a closely integrated and supportive culture

We are looking for either candidates with at least 3 years experience in Corporate Broking or in Equities orientated Corporate Finance or for recently qualified ACAs or solicitors who can combine strong analytical skills with creativity and flair.

Candidates interested in applying for these positions should send career details with a covering letter to Ms Gill Crofton, Personnel Department, Kleinwort Benson Limited, P. O. Box 560, 20 Fenchurch Street, London EC3P 3DB.

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- Originate ideas, through research for throughout the Nordic region .
- Evaluate ideas using valuation and financial modelling rechniques
- Contribute in client presentations
- Participate in the execution of

# London Based

### THE CANDIDATE A graduate with a masters degree or

- escional qualification A minimum of two years corporate
- finance experience gained within an investment bank, strategy consultancy or corporate finance department of a mel accountancy firm
- An excellent knowledge of Scandinavian corporates, spoken and written fluency in at least one of the Scandinavian languages, as well as English, is essential

Interested candidates should apply by submitting their Curriculum Vitae to John Axworthy at Axworthy Oliver Associates, St Martins House. Priory Court, Pilgrim Street, London ECAV 6DR or alternatively call him on 017t 329 3434, Fax 0171 248 0073.



# COUNTRY OPERATIONS MANAGER

ATHENS, GRIFCE



American Express Bank Ltd is a major US bank with a presence in 36 countries worldwide. We are a trusted partner for wealthy entrepreneurs and local financial service institutions. Our principal businesses are correspondent, commercial and private banking and consumer financial services.

American Express Bank Ltd is an Equal Opportunities employer.

American Express Bank Ltd is recruiting an Operations Manager for its Greek Headquarters in Athens. There is a seven bank branch network in Greece, providing a full range of international corporate and consumer banking services to the Greek community.

This position will carry significant responsibility and will report to the Regional Operations Director in the UK and an indirect reporting line to the Country Manager. The principal duties will be managing the day to day operational requirements of the branch network ensuring adherence to internal and local regulatory requirements, audit, compliance and quality supersion, Specific responsibilities include the management of centralised departments, global banking systems implementation in Greece and EDS relacionships.

Candidates will have at least 10 years experience gained within internacional banking. Experience should include the management of an Operanous Team, with particular emphasis on people management, budgetary coorrol and systems implementation. Additionally, applicants must demonstrate a proven track record in change management. Knowledge of Greek marker environment is preferable. Candidates may be locals or expatriates, but preference will be given to those candidates with

The remnneration offered is highly compeniave and will include generous relocation assistance. Interested applicants should write with their CV, in confidence, to Helen Highet, Managing Consultant at the address below.

Jonathan Wren & Co Limited, Financial Recruitment Consultants, No.1 New Street, London EC2M 4TP Telephone 0171 623 1266 Facsimile 0171 626 5257



# DEPARTMENT HEAD -SECURITIES SETTLEMENT Poole, Dorset



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American Express Bank Ltd is recruiting an individual to bead up its Securities Settlements function in its Regional Headquarters based in Poole, Dorset. The department is currently based in London, and will relocate to the Poole office by year end. Poole provides operational support to AEB offices worldwide for business areas including Treasury, Trade Finance, Securities and Derivaoves.

This is a management position with total responsibility for the management of AEB's Global Securities Custody Operations. The Manager will manage all aspects of the settlement activity for all AEB branches within Europe and will also act as Custodian Candidates will have at least 10 years experience of operations gained within International Banking. Experience should include extensive securities product expertise to include international fund transfers, foreign exchange and in depth knowledge of securities settlements. Candidates must have proven leadership, interpersonal and

communication skills. Additionally applicants must demonstrate a proven track record in change management and systems development. The remnneration offered is highly competitive and includes generous relocation

Interested applicants should write with their CV, in confidence, to Heleo Highet, Managing Consultant, at the address below-

Jonathan Wren & Co Limited, Financial Recruitment Consultants, No.1 New Street, London EC2M 4TP





We are a diversified public listed company based in Malaysia with interests in financial services, healthcare, property

investment and development, high technology, oilfield engineerin services and consumer products. We have substantial investments io Malaysia, Hong Kong, Singapore and Australia. Due to continued expansion we have a number of vacancies in various positions that we would like to invite suitably qualified individuals to come and talk to us. We would especially like to talke to exceptionally talented and ambitious young people who would like to participate in a very pro-active way in helping to shape and organise the future direction of a major public listed corporation.

Foreign residents who have the relevant working background and experience and would like to work in Malaysia are also invited to apply. Our remuneration package will be attractive.

- 1. BUSINESS DEVELOPMENT GENERAL MANAGER
- The candidate is likely to be at least in the mid-thirties to have acquired the relevant experience and seniority. Applicants should have a relevant degree in economics, business studies or accounting and would have worked for
- several years in a diversified multi-national company, bank and trading house. The successful candidate will be responsible for seeking and developing business opportunities for the Group
- including new areas of growth.
- 2. BUSINESS DEVELOPMENT MANAGERS
- Business Development Managers are required to support the General Manager in preparing feasibility studies, board presentations and generally assisting in formulating business strategies.
- Applicants will need to have a degree in Business Administration. Economics, Accounting or other relevant qualifications and working experience such that they are financially oumerate and are comfortable with spread-sheet presentations on financial projections and analysis.
- 3. PUBLIC RELATIONS MANAGER/ ASSISTANT MANAGERS
- Applicants ideally should have a degree or relevant work experience in Mass Communication, Public Relations or
- Those who have worked in organisations such as airlines and private banking in major international banks that are
- very service and customer oriented may also be suitable for these positions. • The right candidates should have good interpersonal skills and be able to handle all liaison and media matters
- between the Company and members of the press. Additionally, they are also expected to assist in developing and strengthening relations with the Group's business
- 4. EXECUTIVE ASSISTANTS TO THE GROUP CHIEF EXECUTIVE OFFICER
- To assist the Group Chief Executive to inter-face with the various divisions of the Group particularly in assisting the Chief Executive to process and evaluate project papers and feasibility studies.
- Candidates should have o degree in Business Administration, Economics, Accounting or other similar qualifications and several years of work experience in accounting and project analysis.
- Those who have worked in a major multinational organisation or financial institution would have an advantage. Interested candidates are invited to write in or fax their resume stating working experience, current and expected salaries,

contact relephone and fax numbers together with a recent passport sized photograph (NR) to: The Human Resources Manager Insas Berhad Executive Floor Level 14, Annexe Block Shahzan Prudential Tower 30. Jalan Sultan Ismail. 50250 Kuala Lumpur, Malaysia Telephone: 60-03-245 5020 Fax: 60-03-244 1476

Closing date: 15th September 1996

# Structured Finance £ Excellent

## City

Our client is a premier US Investment bank with an enviable reputation in the global capital markets arena. Due to increased levels of business, they are currently looking to hire an Associate to join their Structured Finance Team. The emphasis will be on negotiating and structuring leveraged finance transactions across Europe.

The role will concentrate on the analysis, valuation and structuring of transactions and the negotiation of debt facilities. This will require an individual with an excellent understanding of capital and loan markets, particularly in Eastern Europe and the requisite communication skills to conduct client escutations.

Candidates of interest will possess outstanding academics with excellent communication and neeptiation skills, a confident and assertive manner and a commercial approach.

Other key characteristics will be: Experience in the development of

### investment processes, company valuations and

- complex credit issues. · An ability to determine and evaluate methods for enhancing investment portfolios of target
- At least 3 years experience in investment
- An appreciation of global capital markets in order to meet funding and risk management
- Finency in snother European language (preferably German).

This is an exciting opportunity for a highly motivated individual to develop their career within a high profile ream.

Interested candidates should write to Anne Davis at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH, quoting reference 260083. Alternatively, telepho ber on 0171 269 2305.

Michael Page City

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# JAPANESE EQUITY MANAGER

# DUBLIN

Our client is a

leading Irish investment firm with a substantial asset management team.

MERC Partners has been retained to assist in recruiting an Asset Manager with particular expertise in the Japanese equity

The person appointed will be responsible for the management of a Japan equity portfolio and will join an established team of investment profession Participation in the formulation of global investment strategy and the communication of this strategy to a broad client base will be key elements

Candidates will have a business or professional qualification with at least five years relevant experience and a proven track record in the management of Japanese equities. They will be team players who can demonstrate strong interpersonal and communication skills,

The remuneration package will be commensurate with the importance of

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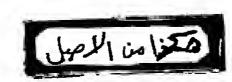
Brian G. Ward. MERC Partners. 12 Richview Office Park, Clonskeagh, Dublin 14, Ireland. Fax: 00-353-1-2830550

email: postmaster@merc.ie



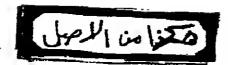
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This highly successful team specialises in the proprietary investment of the bank's capital in a variety of special situations. These include amongst others distressed & high yield debt, equity & merger arbitrage.

This is an extraordinary opportunity for a highly talented analyst to broaden their capital markets

This group has an exceptional track record and is seeking to expand the scope of its activities through the recrultment of an additional team member. The investment process is highly consensual in nature, bence the person will be rapidly involved in the decision making process.

Initially responsibilities will include:

- Evaluating in detail companies within OECD Europe . Creating models and analysing arbitrage & turnaround
- Identifying attractive investment opportunities in distressed assets through detailed due diligence
- Candidates will be highly motivated and possess

Participating in the portfolio management process.

2-3 years' experience within a corporate finance, valuation

ROBERT WALTERS ASSOCIATES

· A high calibre science/mathematics graduate with

 Strong analytical/quantitative skills with a proven ability to create ideas and produce them in a written format.

Strong presentational skills with a pro-active approach to

In-depth understanding of relative value trades and a clear

client relationships.

3-5 years experience within the fixed income markets or

or credit environment. Alternatively, an exceptional MBA or Chartered Accountant might possess the necessary analytical attributes. Knowledge of an additional major European language would be preferable.

If you have the necessary prerequisites, please contact David Heron or Richard Parnell at Robert Walters Associates by sending a detailed CV stating current remuneration to 25 Bedford Street, London WC2E 9HP or faxing details for his attention on 0171 915 8714. E.mail: david.heron@robertwalters.com.



# Appointments Advertising

appears in the UK edition every Wednesday & Thursday and in the International edition every

For further information please call:

Friday

Andrew Skarzynski +44 0171 873 4054

**Toby Finden-Crofts** +44 0171 873 3456

# Senior Derivatives Researcher/Strategist

We represent a major international Investment Bank with a pre-eminent position within the global derivatives market. On behalf of the European derivatives division we now wish to appoint a senior quantitative researcher/strategist, to work with one of the most highly respected sales and research teams in the City. The Position: The Candidate:

As a key member of the global research team you will be required;

- To analyse the European fixed income markets in search of relative value trades.
- To produce weekly/monthly trade notes for the global client base.
- To present and market the global research product by liaising with clients, running seminars and working

closely with the salesforce.

understanding of the European fixed income markets. This challenging position offers substantial career prospects within one of the leading global derivatives groups. An excellent salary

and benefits package is available commensurate with experience and qualifications. For a confidential discussion please contact Tim Sheffield on Tel: 0171-236 2400, Fax: 0171-236 0316 or apply in writing to:

Sheffield-Haworth Ltd, Prince Rupert House, 64 Queen Street, London ECAR 1AD. SHEFFIELD-HAWORTH

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# Vice President Technology **Europe and Middle East Africa**

Based in Paris, you will be the senior executive accountable for our Information Technology and New Products Development process in Europe and Middle East Africa. Within the scope of our Global Information Technology, New Products strategy and specific long term objectives, you will maximize prolitability, customer satisfaction and employee performance in the region. In this respect you will interface with key clients and vendors to resolve problems, develop new opportunities and develop relationships. You will direct country information Technology Business Units.

Knowledge and Skills required : minimum of 15 years experience in leading projects at international level.
 Outstanding Management, Teamleadership and Interpersonal skills.

- Senior technology skills with state of the art knowledge in telecommunications and A high level of education with a top engineering school/University.

If you feel suited to this oustanding coreer opportunity, please forward your application in English including a complete CV and

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Ideal candidates will be experienced independent power industry project developers who will have a finance or engineering background with a proven track record in negotiating and closing international power projects.

Competitive packages + bonus

You will have a strong academic background and preferably an MBA. Sound financial analysis; business development and management and negotiation skills are required, as in a high degree of computer literacy. Proven leadership and tempwork skills are a prerequisite Additional language skills are highly desirable. For the roles in India and Pakistan you will need an understanding of local business practices and customs. Candidates for positions in ladia should be prepared to live in India. All positions require extensive foreign travel.

These are challenging international positions with a market leader and offer exciting career development prospects for highly motivated individuals who can perform to expectations

licants please send a full résumé, stating current salary package, to Ian Dunber, Ref. 2158/11 at Morgan & Bank PLC, Brettenham House, Lancaster Place, London WCZE 7EN. Fax no. 0171 240 1052 or if you prefer, telephone 0171 240 1040.

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Our client, the London Branch of a leading European bank with a strong presence in currency trading, seeks to recruit an experienced and highly technical

### EXOTIC CURRENCY TRADER

The transmy of the London Branch is the bank's European centre for international Spot, Forward and Derivative Currency trading. The dealing room is also responsible for the trading of Emerging Market Correncies in the European time zone, overing client-based and proprietary positions. Candidate profile:

- Ability to demonstrate a track record of at least five years trading in Forward Foreign Exchange, Currency and interest Rate Swape, short-dated Fixed Income instruments and Interest Rate and/or Currency Options plus experience in truling and market making in Spot Foreign Exchange.
- Involvement in the development and the marketing of esoteric products covering Eastern European, African and Middle
- Based on thorough technical knowledge of the illiquid currency markets, the individual will both take proprietary positions and cover elients requirements, using existing products in the international and non-deliverable currency markets and derivative instruments in order to construct synthetic exposure where necessary.
- Ability to develop the exotic currency trading desk, train trading staff and educate the currency sales people both in Loudon and in the international branch network.
- First rate (post-jacademic qualifications and the flexibility to travel regularly to the region are a prerequisite.

Please send your CV in complete confidence on Wittem Dudok de Wit at timerging Markets Search & Selection, 12 Miscons Avenue, London Ed. 2V 51/4, U.K. Velephoner -44 171 (ab) 4144 Fax: v44 171 (ab) 4171 or Ermail-address; wittemogeniss, co.uk

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Are you a US qualified securities lawyer with two to seven years' experience who is looking for a new professional challenge? Do you have the ambition to realise long term prospects in this leading international firm?

Do you want to join a small US securities team working within a worldwide capital markets practice and advising on a wide range of international securities offerings?

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Are you a UK qualified securities lawyer with one or more years' post qualification experience who wants to join an international team in a from which can offer excellent long

Do you have prospectus drafting and due diligence skills, which you may have learnt in a domestic practice, but which you now want to apply in the international arena?

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You want to be part of an exciting development at this dynamic international firm. You will find a first class client base, a stimulating and supportive environment, and energetic leadership from senior practitioners.

Can you picture yourself as one of the leading players in the global capital market in a few years time? We can help you make it a reality: few firms can.

To find out more, please telephone Tom Jayce or Stephen Revell at any time on 0171 832 7217 or write to thern in confidence at Freshfields, 65 Fleet Street London EC4Y IHS. Alternatively, speak to Gareth Quarry, Adrian Fax or Alison Jacobs on 0171 405 6062 (evenings/weekends: 0171 731 5699) or write to them at Quarry Dougal Recruitment, 37-41 Bedford Row, London WCIR 4JH.



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### **EUROPEAN OFFICER**

Applications for the above post are invited from suitably qualified persons with significant experience of lobbying and edvocacy work in Europe. The appointee will work closely with the newly established Europe Group of the International Save the Children Alliance members to promote the arms, interests and profile of the Afliance to a wide range of European institutions and NGO networks. The appointee will also be expected to advise the European members of the Alliance of significant trends in policy development and funding in Europe.

The appointee will:

- be committed to defending and promoting the rights, interests and views of children
- be able to work effectively within a European-
- wide membership organisation have excellent communication and presentation
- skills, both written and oral have e good understanding of the responsibilities and operations of the major European institutions and networks .

Salary Scale: according to age and experience This post is based in Brussels. For further details and an application form. please send e postcard, quoting reference LiKEP, to:

Anne Marie Kissaun, Personnel Department, SCF, Mary Datchelor House, 17 Grove Lane, London SE5 8RD, England or tax 0171 716 2265. Closing date: 26th September 1996. SCF aims to be an equal opportunities employer.

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A major part of our production is exported and through our owners, WMC Ltd (Western-Niming Corporation Ltd) of Australia and Plüss-Staufer AG of Switzerland, we have wide international contacts. To strengthen our organisation, we are looking for a

knowledgeable and experienced

# CHIEF FINANCIAL OFFICER/CONTROLLER

You will be responsible for the entire financial administration of our company: finance, budgeting, balancing of the accounts and reporting. As a financial professional you will be an important part of the planning and administrating of our business. You will be a member of our management team and you will report to the Chief Operating Officer.

You are an independent and resultoriented team worker. You have worked for several years in a responsible position in finance, preferably in international industry. Your experience belos you understand our business. You have a university degree in business and you are fluent in English and Swedish. You will travel and use a PC in your work.

Please, send your application with appendixes to Mercuri Urval, Mannerheimintle 15 A, 00260 Helsinki. Mark your envelope Finntalc". Further information about this challenging and interesting position is given by Mercuri Urval consultants Harri Ruoslahti, (90) 4761 7752, best Fri 6.9. between 9:00–11:00 and Jan-Ola Sunabacka, (90) 4761 700, best Thu 5.9, between 15:30-16:30.

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# **Product Managers**

Highly Regarded World-Class High-Tech Group

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Manage all marketing aspects of current product range on worldwide basis.

◆ Age 30-35. Engineer with MBA or business qualification. 5-7 years'

· Proven marketing experience with

experience of marketing in the personal

computer market or in electronics industry.

South of France

Exceptional opportunities for marketing professionals to contribute to defining the worldwide strategy of one of the leading computer manufacturers.

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THE POSITION

 Analyse needs and expectations in target market of large corporates. Report to

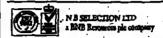
◆ Define new products in close co-op

with R&D and manufacturing. Lead long-term worldwide planning.

◆ Ability to analyse market needs. Results English is the working language, French

language skills a plus.

Please send full cv, stating salary, ref FT60901 to NBS, 44 rue du Colisée, 75008 PARIS, FRANCE. Fax. (33.1) 42.56.90.60



# **MORGAN STANLEY Credit Risk Analysts**

# London

£ Excellent

Morgan Stanley is a US Investment Bank providing a wide range of financial services to corporations, governments, financial institutions and individual investors. In 1995 it was the leading Mergers and Acquisitions advisor worldwide and the third largest global underwriter in Debt and Equity offerings. Substantial growth in Europe has given rise to a number of exciting opportunities to join the highly regarded credit risk management team specialising in the assessment of European financial institutions and corporates, which offers a dynamic and challenging environment for highly motivated analysts with an emphasis on strengths in marketing and interpersonal skills.

### Senior Credit Analyst Corporates

- Responsibility for Credit Analysis of Corporates in a variety of industries.
- · Provision of capital structure and rating agency advice to Investment
- Banking clients. Debt rating analysis for Investment Banking Division-

Marketing and Advisory presentations to Senior Manage

Candidates must possess a formal credit analysis training from a quality banking Institution or Rating Agency, with a minimum of 5-7 years experience in the corporate sector. This should be complemented by fluency in one European language, together with excellent written and verbal communications skills. Reference 308015

# **Credit Analysts** Financial Institutions and Corporates

- Responsibility for Credit Analysis of Financial Services institutions and Corporates.
- · Participation in trade approvals covering Fixed Income, Equity and Investment Banking transactions.
- Monitor counterparty exposure relative to limits.

Candidates must possess a formal credit analysis training from a quality banking institution or Rating Agency, with a minimum of 2 years relevant experience. This should be complemented by fluency in one European language, together with excellent written and presentation skills. Reference 305941

These are excellent opportunities for ambitious individuals to work for a market leader in the field of Investment Banking, and the attractive salary and package will reflect entirely the experience of the successful applicant. Interested candidates should contact Mark Petiman or Tim Smith, the remined consultants in London, on 0171 831 2000 or write to them enclosing a full CV at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH, Fax: 0171 405 9649. Please quote appropriate refer



Michael Page City International Recruitment Consultant London Paris Frankfurt Hong Kong Sydney

# **Emerging Markets Division**

# Local currency fixed income Front office support

Deutsche Morgan Grenfell (DMG) is the investment banking arm of Deutsche Bank, one of the world's largest AAA rated bank with assets approaching DM 650 billion. DMG has operations in 37 countries and amploys around 8,000 staff. The Emerging Markets Division of DMG conducts a full range of investment banking activities in Eastern Europe and Latin America including local currency fixed income.

Developments of the local currency fixed Income business necessitates the addition of a person to support the team in the front office. This is a hends on rola involving a combination of financial, operational and analytical skills including: country analysis and production of trading guidelines, liaison with credit risk, operations, financial control and IT, management of custody

mants, and supporting structuring products.

The successful candidate is likely to have a degree in economics, mathematics, engineering or similar. An accountancy qualification would be a distinct advantage, since an understanding of accounting procedures and an awareness of the mathematics and principles of trading is essential. Two or three years experience in a banking environment with knowledge of settlement processes is

Initiative and a pragmatic approach to problem solving are vital qualities in this role. Strong PC skills including Macro level on Excel are expected, as is excellent communication skills and an ability to make presentations at board level.

Competitive salary with bonus and full banking benefits are available for the

For more information contact: James Rust on Tel: 0171 379 3333 or write to him at Robert Walters Associates, 25 Bedford Street, London WC2E 9HP, Internet: city@nwa.co.uk

Deutsche Morgan Grenfell



# Senior European Credit Analysts

### London

£ Attractive Package

Our client is an internationally renowned financial services institution, with an enviable reputation for excellence. The European offices are expanding due to continued growth in demand for their services; this has created a number of outstanding opportunities for high calibre credit professionals to join both the Financial Institutions and Corporate Groups.

- Key responsibilities include: Assuming primary responsibility for analysing and managing a portfolio.
- Two senior roles exist, with specific positions in both the European Financial Institutions and European Corporates Group-Performing and presenting in-depth financial analysis and strategic
- research for in-house purposes and external publication.
- Conducting meetings with clients, often at a very high level (CEO/CFO). Handling investors' inquiries and making investor presentations.

Applicants should be of graduate calibre with at least 6-8 years relevant experience in the analysis of European Financial Institutions or Corporates. Due to the high profile of these roles, candidates must have excellent written and oral communication skills and the ability to represent the firm

in a professional manner. Fluency in an additional European language, ideally German, Spanish or Italian, is essential. Candidates must be proactive team players with an enthusiastic and positive attitude.

In addition, there are vacancies for candidates with 2-4 years experience to work in these teams.

Successful candidates will be awarded an attractive remuneration package based on a generous salary, which will entirely reflect experience.

Interested candidates should contact Simon Lewis on 0171 269 2316 or write to him enclosing a full curriculum vitae at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH or fax 0171 405 9649.



# European Equity Fund Manager Competitive Package

CIGNA International Investment Advisors, Ltd. in ), is a multiple or all institutional fund manager with to. We are seeking a senior to join our global equity team to

> stock markets and companies and construction of country portfolios; of the k and foreign exchange transactions,

presents and prospective clients.

You should have ten years' fund management of which should be in equity, ce ce of investing in Continental

16 Finsbury Circus, London



**CIGNA** Investment Management

# **EQUITIES SALESPERSON**

LATIN AMERICA

London-based

Our client, a prestigious US investment bank, is looking for an experienced Latin American Equities Salesperson reporting to the head of the desk.

The following attributes are

- Minimum of five years' experience in a US Investment bank covering Latin America, of which at least one or two years should be in selling Latin American Equities.
- Established client base.
- · Strong degree from a top University.
- Must have first hand knowledge of Latin American culture, preferably gained by extended periods of time spent there.
- Finency in Spanish and Portuguese. Proven ability to develop and implement a business plan
- for entry into new markets. High level of integrity with excellent communication and
- leadership skills. Team playing skills.

To apply, please send your CV, quoting ref. 521, to: Alastair Lyon, Confidential Reply Handling Service, Associates in Advertising, 5 St John's Lane, London EC1M 4BH. Applications will only be forwarded to this client, but please rty indicate any organisation to whom your details should



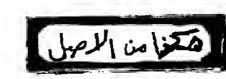


FIXED INCOME STRATEGISTS 4CAST is an unique multi-media economic and market analysis service offered on subscription to financial institutions in the City and other major financial centres. Launched in 1995, the service has been so successful that we are now further developing our research team to broaden the range of markets

We arrangem.

Opportunities exist at several levels, and 4CAST now wishes to hear from well qualified economics graduates either seeking their first career posting in the financial markets, or with some experience of major-economic analysis of major industrialised countries. 4CAST also seeks to recruit fixed income specialists, that is another and technical experience or major markets. shie to apply economic and technical analysis and market intelligence to the creation of fixed income trading strategies. A competitive remuneration package is offered with axistanding prospects for personal and financial advancement in a new company that is rapidly establishing impressive In a new company that is rapidly establishing credentials among a blue chip professional client be Please write, in confidence to: Personnel Dept, 4CAST Ltd. 191 Waterin St, Landon SW1E SNE, citing REF F10498.





# INTERNATIONAL LEASING OPPORTUNITY REGIONAL MARKETING DIRECTOR

LONDON

Our client is the subsidiary of one of America's largest financial services companies. Its Europe, Africa, and Middle East region is headquartered in London and specialises in providing bespoke equipment financing solutions for many of the world's largest corporations. In recent years it has achieved considerable success and is now looking to extend its operations into new areas.

As a result of this, a new position has been created to assume responsibility. for leading the expansion of the company's existing product line. The Regional Marketing Director will be expected to draw on the current expertise of the company, as well as on the strengths of its existing customer base worldwide to

drive this new venture.

Reporting to the Vice Fresident of Leasing in the U.S., the Director will liaise with operational and marketing staff locally as well as personnel in the product line departments and technical support departments globally. He/She will be an exceptional communicator with proven marketing and technical addls, ideally with experience of equipment leasing.

The ideal candidate will be skilled in putting together complex structured leasing transactions and proficient in handling all aspects of the deal from initial customer contact through to the final signing.

ROBERT WALTERS ASSOCIATES

It is envisaged that the successful candidate will possess a university

SALARY EXCELLENT + BENEFITS

degree and will be currently working within either a financial institution or commercial environment. Knowledge of a second Buropean language, ideally German, Spanish or French would also be highly desirable.

For the successful candidate, an exceptional base salary together with a bonus compensation and company car is offered.

To discover more in regard to this exceptional opportunity, contact Simon Moser or Jon Vonk at Robert Walters Associates in London on (0171) 379 3333 or send a current CV to them at 25 Bedford Street, London WC2E 9BP, Fac (0171) 915 8714. E-mail: simon.moser@robertwalters.com.

All applications will be treated in strictest confidence.



### **CELLAR - ONE SDN BHD**

Cellar - One is a wholly owned subsidiary of a large public listed corporation in Malaysia whose interests include financial services, healthcare, property investment and development, engineering services and the lifestyle, leisure and entertainment business.

Cellar - One is being developed in parallel with the other various divisions of our leisure and entertainment business which would include the development of theme restaurants and wine par concepts.

would include the development of theme restaurants and wine bar concepts.

Cellar - One is rapidly becoming a major player in the wine market in Malaysia and it is our intention to expand into the rest of Asia. We already have a large collection of the major 1st, 2nd, 3rd & 4th growth French vintages and have secured

agencies from some well known wineries.

We would like to invite people who have the right background and experience in the wine industry particularly those who have worked with the wine broking division of established wine merchants in the United Kingdom to come and talk to us. These appointments would be attractive to those who wish to be involved in the development of the leisure and entertainment business in Asia. The positions would initially be based in Kuala Lumpur and London.

Attractive remuneration packages will be offered to the successful candidates commensurating with qualifications and experience.

Interested candidates are invited to write in or fax in their resume stating working experience, contact telephone/fax numbers, current and expected salaries together with a NR passport sized photograph to:

The Human Resources Manager
Cellar - One Sdn Bhd
Executive Floor Level 14, Americ Block
Shahzan Prudential Tower
30, Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

Telephone Number : 60-03-2455020
Fax Number : 60-03-2441476
Closing date : 15th September 1996



EUROPEAN MONETARY INSTITUTE

### Project Manager for ECB Accounting Systems

The European Monetary Institute (EMI) was established on 1st January 1994 with its seat in Frankfurt am Main. The EMI's function is to strengthen the co-operation between its members, the central banks of the European Union, and to prepare for the establishment of a future European Central Bank (ECB). The EMI currently employs approximately 200 staff members and has its own terms and conditions of employment, including a competitive salary structure, pension plan, health insurance and relocation benefits. The position will be on a fixed-term contract basis and candidates must be a national of a Member State of the European Union.

Based in the Controlling and Organisation Section of the Administration Department, the Project Manager will be required to lead a small project team to select, set up, test and implement a central financial and management accounting system for the European Central Bank (including the consolidated accounts of the European System of Central Banks). The major tasks will be to set up a detailed project plan, to prepare the selection of hardware and software platforms, to organise and supervise the testing of the system and to prepare various project reports. Finally, the job-holder will assist with the work of the Controlling and Organisation Section as directed.

### Onalifications

· University degree or comparable qualification.

- Detailed practical and theoretical knowledge and experience of the operation of automated accounting systems in a financial institution, and experience of their implementation as a user. Experience of central bank accounting functions and central bank operations is
- Training and experience in project team leadership. Experience in the use of computer-based project planning tools would be an advantage.
- Practical understanding and knowledge of financial and management accounting.
   Standard transport of the standard and management accounting.
- Strong interpersonal skills, self-motivation, and the ability to work without close supervision are very important.
   Good analytical chills
- Finency in English and proven drafting ability in that language. Knowledge of other European Union languages is desirable.

Start January 199

Applications should include a Curriculum Vitae and a recent photograph together with references confirming the required experience and skills. They should be addressed to the European Monetary Institute, Personnel and Office Services Division, Postfach 10 20 31, D-60020 Frankfurt and should reach us no later than 20th September 1996.

# CHIEF FINANCIAL OFFICER

FOR A GLOBALLY OPERATING, SWISS-BASED SERVICE/RETAILING COMPANY

Our client is a dynamic, fast-growing and entrepreneurial company, which is active in the retail environment and has a turnover of more than USD 1 billion.

Due to a recent reorganisation there has occurred an opening for a Chief Financial Officer with the following main tasks:

direct the firm to profit and growth from a financial point of view

engage actively in the decision-making process in relation to financial aspects of the company such as investments, mergers and acquisitions, 'make or buy'

take a leading role in the overall management of the company as a member of the Executive Committee

We are looking for an executive (nationality open) who is between 35 and 45 years old, has an excellent education (MBA, CPA etc) and is internationally oriented.

If you have working experience as a CFO with a global corporation in the retailing or service industry and have been involved is several merger and acquisitions projects, please apply to the following address in Switzerland:

Dr Markus Dörig Lawyer Umbricht & Badertscher Bahnhofstrasse 22 CH-8022 Zurich



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2 London Wall Buildings, London Wall, London EC2M 5PP
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Prospects of managing institutional funds in 12-18 months or

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EUROPEAN EQUITIES ANALYST

# CITY

635 000 - 630 000 · BONIII

CITY £25,000 - £30,000 + BONUS ASSET MANAGEMENT ARM OF GLOBAL FINANCIAL INSTITUTION

Our client is a leading name with a strong top down strategic approach to investment and consistent top quartile ranking. The European Director heads a small team managing a range of regional and country specific funds. For this new position we invite applications from numerate candidates with a good degree from a leading university and 12-18 months' investment or research training with a leading institution. IIMR qualified or steps towards it are expected. A second European language, and computer literacy are essential. This is an exceptional opportunity to work alongside a leading name in European fund management, in an expanding organisation which can offer excellent career prospects. Initial remuneration is negotiable £25,000-£30,000 + generous bonus and good company benefits.

Applications in strict confidence quoting reference EEA5714/FT to the Managing



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INCOME

# Currency Options Sales Professionals Foreign Exchange

The Bank of New York has the following excellent opportunities for experienced currency options sales professionals in London and Tokyo to complement their existing sales teams:

Sr. Currency Options Sales Officers with extensive management experience and a demonstrated track record of marketing FX options based products (including the latest exotic structures) to a European and/or Asian client base.

Currency Options Sales Officers with a minimum of three years successful sales

experience with all types of currency options products.

Candidates must be educated to degree level and possess strong technical knowledge.

Candidates must be educated to degree level and possess strong escential knowledge.

Good communications skills and fluency in European or Asian languages are required.

Written applications only please including full curriculum vitae to:

Andrea Williams, Vice President The Bank of New York 46 Berkeley Street, London WIX 6AA

# QUANTITATIVE ANALYST DERIVATIVES, LONDON £50K PA

Our client requires a Quantitative Analyst with at least 2 years experience of interest rate products. PhD Maths is desirable.

Please write to:
FUTURUS,

1 Leicester Place, London
WC2H 7BP

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Local requires trainee
OPTIONS TRADER
with good 'A' level Matths.
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# Financial Institution Regulation

Berents Group, LLC, a wholly owned subsidiary of KPMG Peat Marwick, has excellent opportunities available for professionals with a regulatory background in banking, insurance, and capital mades to act as Consultants or account of Exercil and Extern Persons. Aris and Lettin America.

to governments in Central and Eastern Europe, Asia and Latin America.

These challenging positions will be responsible for establishing regulatory framework which encourages privatization and financial market stability.

Candidates must have a minimum of 5 years experience in financial institution regulation, as well as excellent communication and analytical skills.

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With experience and sense.

Barents Group, LLC is accepting resumes which will be held on a confidential basis. Please send cover letter and resume to: Barents Group, LLC, Human Resources, Dept. FIR, 2001 M Street NW, Washington, DC 20036 or fex to: (202) 296-0239.

BARENTS

### COMPLIANCE OFFICER

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Semplimete Officer to manage he workfolder registrony officer. The notionable candidate will person it

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### ABN-AMRO HOARE GOVETT

# SPECIALIST EQUITY SALES: OIL AND GAS

Competitive Salary Bonus & Benefits

The Company

ABN AMRO Houre Govett is e leading London-based stockbroking firm which is part of a major international bank and broking network. The Company has an excellent reputation for Investment Research and has a high profile within the UK Equity Market. In addition, ABN AMRO is one of the top three European banks lending to the energy industry.

### The Position

Specialist equity sales for the Oil and Gas sectors joining an experienced analytical team with an established presence in these sectors. Responsibilities include day-to-day marketing to institutional clients, extending the distribution network for the research products and coordinating the total marketing effort, together with full involvement with the analytical process.

### The Candidate

The ideal candidate will have experience in the oil and gas industry, a proven ability to sell accompanied by strong numerate and presentational skills. Self-motivation and a desire to succeed is required in this highly competitive industry. He/she will be innovative, enthusiastic, determined and a good communicator.

Please write enclosing a full CV (stating current salary) to:

Box A5674, Financial Times, One Southwark Bridge, London SE1 9HL

# OPPORTUNITIES IN INVESTMENT BANKING AND CAPITAL MARKETS

Our knowledge of the City is second to none. Our principal areas of specialisation are: Corporate Finance/M&A, Project/Structured Finance, Credit/Corporate Banking, Capital Markets and Mid-Office Product Control. A selection of current opportunities include:

Corporate FinancelM&A

to £65,000 + bonus Sector & Country Teams

We are currently handling a number of specific opportunities within country or sector specialist teams. Vacancies range from entry level for ACAs and Management Consultants, to Associate Director level for transactors with 4 or more years experience.

Opportunities exist within the following teams:

- · Financial Institutions.
- Telecoms/Media. · Pharmaceuticals/Chemicals.
- Utilities
- · Germany, Spain, France, Scandinavia. Emerging Markets.

Our clients range from global banks to niche bouriques covering a whole spectrum of operating styles and markets. Although not a must, relevant sector experience and a second European language would be an advantage. Please contact Jeremy Cooper.

Please telephone the relevant consultant on 0171-583 0073 or send your curriculum vitae to 16-18 New Bridge Street, London EC4V 6AU or fax 0171-353 3908.

Closer to the Business

to £50,000 Credit and Quantitative Analysis

Are you an excellent Credit or Quantitative Analyst who has always wanted to work with complex derivative products or in a deal driven environment closer to the action?

We are currently handling specific assignments within American, European and UK banking organisations for high flyers with 1-2 years front line banking or investment experience who are keen to stretch themselves in the capital markets or in an advisory environment.

Excellent academics are required as is a resilient and well balanced personality. Rewards are superb and opportunities currently exist within Equity Derivative Research groups, Structured/Project Finance teams and Trading Risk Credit groups. Many clients are willing to cross train in these

**BADENOCH & CLARK** 

recruitment specialists

Please contact Zoe Ide.

Derivatives/Equities

c£38,000

Newly Qualified Accountants Any ambitious Newly Qualified Accountant seeking that first step into Banking should contact us immediately to discuss some competitive Middle

Offering unrivalled career prospects and early responsibility, these challenging roles, with progressive investment banks, will provide excellent experience at the leading edge of trading activity. Liaising closely with the Front Office, you will be responsible for intelligently reviewing trades and performing in-depth risk analysis.

To succeed you should possess:

- An ACA qualification from a leading practice.
- A numerically biased degree from a top University. Ambition, drive, determination and confidence.
- For high flyers, rapid promotion is assured.

Please contact Caroline Foley-Comer or Penny Arkinson

If you would like further information on these types of opportunities or general career advice in these areas please do not hesitate to call us. Discretion assured.

# **Investor Relations Manager**

Technimetrics, Inc. is a world-leader in the field of investor relations consultancy services and financial database management. We have offices in London, Amsterdam, New York, Tokyo and Sydney. Our corporate clients, based in North America, Europe, Japan and Africa range from large multi-nationals to oewly floated high-tech companies. Technimetries, Inc. is expanding its investor relations department and is looking for account executives to join our international team of

We are seeking individuals with a background in investor relations, public relations, financial services, equity analysis or related fields. A working knowledge of either French or German is a distinct advantage.

The capacity to communicate effectively at the highest-levels, both to corporate clients and to the fund management community is important. Strong written and oral presentation skills will be needed. The ideal candidates will be computer literate and able to work under pressure. Technimetrics, Inc. is an expanding company and offers global career opportunities.

Salary will be commensurate with experience.

Applications should be addressed to:

The Personnel Manager, Technimetrics, Inc., 84 Newman Street, London W1P 3LD.

We are currently working on behalf of several prestigious global banks, based in London, New York and Asia, whose clients face an ever increasing need to lower the cost of raising capital, manage risk and enhance asset returns. In

Trading & Rescarch for Derivatives specialists, in Structured Products (both Fixed Income & Equity)

response to these requirements, we now have key roles in

Country Funds Trader

Quants Research - (must have minimum 1 year experience)

Please contact Paul Sugarman or Ann Williams (in the strictest confidence) for further information

# PROPRIETARY TRADER

# **HEDGE FUND**

A leading London based Hedge Fund is searching for two. traders in Foreign Exchange and Fixed Income, preferably . with experience of emerging markets.

The successful candidates will work in a small select team and will be making their own investment decisions.

The remuneration package will be largely performance

The successful

candidate must have: At least 5 years

trading experience Comprehensive knowledge of derivative products

 Extremely strong analytical skills

Interest candidates should send their curriculum vitae and a comprehensive history of past trading experience. to:

Box A5671 One Southwark Bridge London SEI 9HL

A leading UK stockbroking organisation, about to enter a phase of significant business expansion, requires the following senior personnel:

### DIRECTOR OF SETTLEMENT

This is a new position which will become responsible for all aspects of settlement operations. Applicants must be fully experienced in UK settlement procedures and the management or supervision of stockbroking sertlement personnel.

Salary range circa £60,000

### MANAGER - PERSONAL EQUITY PLANS

The growth in the level of PEP business has created a need for an experienced PEP administration manager. The successful applicant will be conversant with current regulatory requirements and have gained management or supervisory experience in this area within a stockbroking company. Salary range £25,000 - £35,000

### TRAINING OFFICER

Applicants should be familiar with the development needs of a UK based stockbroking company. This position will involve establishing formal induction and training schedules for all personnel, development of internal courses and the identification of appropriate external facilities. Salary will be commensurate with experience.

ALL POSITIONS ARE BASED IN THE SOUTH EAST AREA OF THE UK. Applications, which must include a detailed CV and will be treated in the strictest confidence,

should be sent to Financial Times, Box No A5678, 1 Southwark Bridge, London SE1 9HL, or by jax to 0181 524 0005.



Moody's Investors Service Is a highly sophisticated financial services firm. Recognized for our commitment to integrity, reliability and responsiveness, we invite qualified professionals who share these qualities to investigate this opportunity in our Banking and Sovereign Group.

In this high profile, New York-based position, you will follow a diversified portfolio of countries, monitor country conditions and make recommendations on sovereign ratings. Qualifications include 10 Years' experience in country risk and advanced degree in economics. The preferred candidate will also have foreign language skills.

Moody's offers an excellent compensation package commensurate with qualifications, including comprehensive benefits. Qualified candidates are invited to send confidential resume, with salary history, to: Human Re-sources-SOV, Moody's Investors Services, 99 Church Street, NY, NY 10007 or FAX: 212-553-4063. An equal opportunity employer MF/D/V.

**Moody's Investors Service** 

The Pent Bradstn

One of the leading banking firms in Bahrain with diversified banking activities is seeking to recruit an innovative

# PROCESS RE-ENGINEERING AND QUALITY IMPROVEMENT SPECIALIST

to contribute to further development of the Bank. This post is very high in the organisation's hierarchy and reports directly to the Chief Executive Officer. The objectives of the position are continuous customer service improvement and cost reduction through workflow and process reengineering, productivity improvement through optimum utilization of the bank's human and technological resources and introduction of TQM.

### Principal Responsibilities:

- Build awareness of the need and opportunity for improvement.
- Set goals for improvement.
- Organize to reach the goals (establish a quality council, identif problems, select projects, appoint teams, designate facilitators). Provide training.
- Carry out projects to solve problems.
- Report progress and recommend recognition.
- Communicate results.
- Maintain momentum by making annual improvement part of the regular systems and processes of the bank.

Candidate should be 35-45 years old, holding BA/MBA with at least 5 years experience in this field, preferably with a major bank.

The bank offers an excellent tax free compensation package with the usual expatriate benefits.

Please forward your application to: The Chief Executive Officer Po Box 13416 Bahrain.

# **ACCOUNTANCY APPOINTMENTS**

### East Anglian Careers Forum

**Opportunities** for qualified

Venue: Lucy Cavendish College

Accountants

Cambridge

Date:Thursday 12th September 1996

> Time:6.00pm



Happy Mondays!

The Financial Times is launching a new, weekly Accountancy Appointments section on Monday 2nd September 1996. It will

contain jobs with salaries under £34,000 p.a., and will therefore be distinct from our market-leading Thursday Accountancy

Appointments pages.

For more details please contact Robert Hunt:

Tel - 0171 873 4095 Fax - 0171 873 4331 E-mail - robert.hunt@ft.com

ROBSON RHODES <u>rsm</u>



Your opportunity to meet senior managers from major compact their future growth plans, the careers they can offer accountants selection of career options in East Anglis.

In addition to the presentations, Hays Accommuncy Personnel's senior coun









are limited, admittance will be by invitation only If you are unable to attend the Careers Form

Havs Accountancy Personnel

# GROUP TREASURER

PUBLICLY LISTED MULTI-NATIONAL GROUP

a bank

HONG KONG

 UK publicly listed, multi-national group. based in Hong Kong, with property and infrastructure investments across Asia. Market Cap US\$6bn.

· Following internal promotion, the group needs a technically strong Group Treasurer to manage and develop the function and thereby assist in achieving its strategic goals.

 He/she will be responsible for an Assistant. Treasurer, Chief Cashier and Payroll Controller, along with their teams, and will be the main point of contact for the Group's relationships with lenders and other financial services

> Picase apply in writing quoting reference with full career and salary densits to Nigel Bares Tel: 0171 290 2043

c. 486,000 + ACCOMMODATION + BENEFITS Probably aged mid-30's, graduate, and preferably MCT/Chartered Accountant

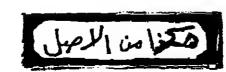
who has had at least five years treasury

experience within a large multi-national or

 Particular areas of technical strength will be foreign currency and risk management

 Management of the department calls for cultural sensitivity and team-orientated leadership abilities. Excellent communication skills, flexibility of approach and the ability to achieve rapid credibility are essential. Prospects for career progression are excellent.





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1. Contracting

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EXECUTIVE SEARCH & SELECTION

# Manager - Corporate Finance

Young... Dynamic... Ambitious... we are - are you? c.£65,000 + bonus + benefits Berkshire

### This challenge...

...will come as a refreshing change to the more courageous and ambitious amongst you. What would you say to the prospect of being at the heart of a young and thriving FTSE 100 company where you would take on an extremely diverse role driving all the company's corporate transactions? Such a proposition is rare indeed.

### We need..

someone who can handle a remit that spans the gamut of corporate finance work; from evaluating all major investment proposals to assessing our existing bus portfolio and even tackling regulatory issues. You will be the focus of our relationship with merchant banks. particularly as you will be in the driving seat when it comes to acquisition strategy; and you will possess the authority and nous necessary to provide credible analytical support to senior management.

### Routine it won't be

The one predictable aspect of this challenge is the steep learning curve you will encounter at an early stage . together with regular Board-level exposure.

### You are likely...

... to have a Big 6' background with wide-ranging corporate finance experience and significant exposure to merchant banks. You will be a Chartered Accountant or perhaps a finance MBA whose experience of working with or within large organisations would be particularly

### As you would expect...

...we would offer such a key player a significant performance bonus and comprehensive benefits package - but not for a one dimensional technocrat. To ceed you must be a team player as well as a team leader: there is no room for a "prima donna" who cannot stand up to some very strong personalities.

### If you are...

easting around for the chance for your career to really take off, convinced that you would thrive as a key player in a multi-skilled environment; ready to bring new ideas and impetus to an already successful and innovative £100 million organisation; looking for a high profile role that actually makes a difference, then...

### The next step...

is to write to our advising consultants, David Hunter and Hamish Davidson, quoting reference L/1681 at the address below. Alternatively, call David on 0171 939 3661 or Hamish on 0171 939 3115 for a discreet conversation about the role

Executive Search & Selection

Price Waterhouse Management Consultants Ltd Southwark Towers

32 London Bridge Street London SEI 98Y

Fan: 0171 403 5265

E-mail: David Hunter@Europe.notes.pw.com



# **Project Finance**

, to £45,000 +car +benefits

BT, with a turnover of £14.4 billion and a gross profit of £3 billion, is one of the world's leading providers of relecommunications services. Our vision is to become the most successful global operator, delivering innovative products quickly, and serving our customers more effectively. To achieve this we are exploring new markets and developing and applying innovative technologies.

Within the Global Communications Division, the Business Development Finance team is responsible for evaluation of commercial opportunities oversess. Working in a small, highly visible team and liaising at the highest level, you will undertake detailed investigations of potential acquisitions and joint-ventures. Your remit will include the initial (mancial extensively with internal and external advisers.

To succeed in this role you will fulfil the following criteria:

- Commercially minded Accountant or MBA with a strong scademic background.
- Excellent financial modelling skills and the capacity to translate complex data into meaningful analysis. Understanding of acquisitions ideally gained from a major international organisation.
- Flighly influential with outstanding interpersonal skills and the natural ability to work with non-finance
- Relishing the prospect of a high profile role, with extensive travel and critical involvement in the international growth strategy.

This represents an exceptional opportunity to impact positively on the success of this pioneering multi-national group. Energy, creativity and flexibility are all qualities which will enable the right individuals to capitalise on superb international career opportunities. BT is an equal opportunities employer.

Interested applicants should write to our advising consultants. Robert Macmillan or Andrew Livesey, stating current remuneration and quoting reference number UKR0092 at: Nieholson International (Search and Selection Consultants), Bracton House, 34-36 High Holborn, London, WCIV 6AS. Alternatively fax your details on 0171 404 8126 or e-mail: ni@nicholsonintl.com.

nicholson Internatio INTERNATIONAL



Price Waterhouse



# International Corporate Treasurer

High profile role in \$multimillion global group c. \$130,000 package Amsterdam

With sales this year of \$233 million (up from \$135 million last year), we are probably the world's leading global distributor of semiconductor equipment and materials. Privately held but looking at the prospect of a public offering after a recent strategic merger, we can boast of being the first global technology support company for the semiconductor and microelectronics industries.

We now need a high calibre professional to establish, manage and actively develop the group's treasury function. Reporting to the Chief Financial Officer in California, you will provide advice, guidance and leadership to finance and operations managers around the word in order to minimise risk and optimise the organisation's capital and cash flow positions.

You will need a professional Treasury, Accountancy or similar qualification and a strong international treasury management background in order to match our exacting requirements. This experience should encompass currency and interest rate hedging and dealing; the management and insurance of general asset and liability risks; and the development and/or implementation of treasury systems and controls.

The role will require you to forge effective working relationships at the highest level throughout the international organisation, as well as with the banking community and other financial providers. In order to succeed you must possess the confidence and credibility to influence business thinking at the highest level.

The package will comprise a base salary and bonus plus stock options. If you feel that you can meet such a challenge, write to our advising consultant David Hunter, quoting reference L/1683 at the address below

Executive Search & Selection, Price Waterhouse Management Consulting Ltd., 32 London Bridge Street,

London SE1 98Y

Face 44 (171) 939 3454. Internet David\_Hunter@Europe.notes.pw.com Price Waterhouse

EXECUTIVE SEARCH & SELECTION



# Run an oil & gas exploration business

# out of a suitcase Head of Finance and Business Support

London, Rome, Oman, Greece, Algeria...

An oil company's oil company
Our history as a successful finder of oil and gas reserves stretches back more than 30 years. We combine cutting edge technology and hard won exploration prowess to establish footholds of exploration in partnership with host countries: since 1970, the company has participated in eight major inter-national discoveries with reserves of over 2.5 billion barrels of oil and more than 10 trillion cubic feet of gas.

Big numbers - we need someone who can deal with them

A high-powered Financial Manager who has what it takes to support and shape a significant oil and gas exploration business as we create new ventures and operations throughout Europe and North Africa an accomplished professional equal to the daunting task of developing and directing the financial infrastructure required to manage our rapidly growing regional enterprise.

### A roving (or should we say globetrotting?) brief

Your immediate and urgent priority will be to remove the financial management burden from hard pressed operations and exploration managers - establishing your role as adviser and service provider and taking your place in running the business. This will involve a great deal of travel from office to office - dealing with everyone from local accounting and technical nanagers to company executives.

But that's just the tip of the iceberg We want someone who will provide a clear lead in the financial 'engine room' of the regional business: areas such as management accounting and reporting tax, treasury and audit. Not glamorous, but vital if the exploration teams are to be freed to succeed where major finds are yet to be made.

At the same time ... ... there will also be the need to support the sales process - including contract preparation and negotiation - and the responsibility for driving the implementation of new MIS Europe-wide.

### To take this on...

you will already have at least five years experience of international oil and gas accounting finance under your belt. A qualified accountant, operating within an international, multi-site environment will be second nature: you will be more than capable of establishing your presence right across the business. If you have language skills, particularly French and Italian, so much the better - so it should go without saying that we don't mind which side of The Channel you hail from.

To succeed, you must speak our language We operate with a lean, experienced, US based staff that support our activities worldwide and doesn't want to hear the same stale and cliched solutions to problems that crop up eight or nine time zones distant - you will sort them out in a fashion that inspires confidence and respect. You will be trusted with more than enough rope to get on and do the job - if that rope is already starting to look like a noose, it will not be a happy relationship.

### Achieving results ...

will, of course, be everything, so confidence, selfmotivation, credibility and supreme leadership skills are essential. If these are the kind of qualities you have to offer, we will offer a remuneration package in keeping with your expectations, so write to our advising consultants, David Hunter and Hamish Davidson, quoting reference L/1682 at the address below. Alternatively, to see if we are talking the same language, call David on 0171 939 3661.

Executive Search & Selection, Price Waterhouse Management Consulting Ltd., Southwark Towers, 32 London Bridge Street, London SE1 95X. Fax: 0171 939 3454 Internet: David\_Hunter@Europe.notes.pw.com

# Chief Financial Officer

### **Paris**

800 000 FF+

Our client is a major international media group with activities covering North America, Europe and Asia and impressive plans for future expansion. They now seek to recruit a Chief Financial Officer who will be reporting to the Chairman. Your main responsibilities will be:

- Review and analyse the financial performance of operating companies and the Head Office.
- Designing and implementing policies and procedures in order to optimise and realise long-term strategical and operational planning by operating companies.
- Innovating and upgrading management information systems.
- Assisting in acquisitions.

Probably in your mid-40s, you will have a strong academic background

(MBA, CA) and a proven track record in managing financial staff in an international environment of listed companies.

You should be a native English speaker, fluent in French and a third European language would

Excellent communication skills, international experience and strong mobility are essential to succeed in this exciting and expanding group.

Interested applicants should write, quoting reference ADB13876, enclosing a comprehensive curriculum vitae, salary details, photograph and telephone number to Alexis

de Bretteville at Michael Page International, 3 boulevard Bineau, 92300 Levallois Perret, France or fax on +33 1 4757

Michael Page International International Recruitment Consultants

London Paris Amsterdam Dusseldorf Frankfurt Hong Kong Sydney

# Finance Manager

**Consumer Products** 

c.£40,000 + Bonus & Benefits

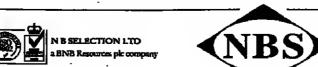
**North West** 

Dynamic, ambitious, commercial accountant required by UK ple to make major contribution to strategic business decisions.

- THE COMPANY ◆ Profitable £40m turnover. Household name supplying major UK retailers and export markets.
- Committed to growth, organically and by
- acquisition.

  Committed to change and market refocus. THE POSITION
- Reporting to Finance Director. Evaluate, challenge and provide input to product mix/
- pricing proposals and value chain analysis. Strong commercial remit. Support and improve business process and enhance MIS. Manage the budgeting and forecasting processes.
- Build and develop multifunctional relationships.
   Responsible for small finance team. **OUALIFICATIONS**
- Graduate, qualified accountant. FMCG, manufacturing experience preferred. Demonstrative experience of change management. IT literate.
- Instinctively commercial with sound analytical
- capabilities and strong system implementation skills. Robust, flexible and diplomatic with ability to make things happen. A positive attitude, able to motivate
- and influence management across the business. Ambition and potential to take advantage of

Please send full cv, stating salary, ref MN60902, to NBS, Courthill House, Water Lane, Wilmslow, Cheshire SK9 5AP



Tel 01625 539953 • Fax 01625 539801 Aberdeen - Birmingham • Bristol • City Edinburgh - Glasgow - Leeds - London Manchester - Slough - Madrid - Paris

# VIACOM.



# Unrivalled Opportunities for Finance Professionals

Viacom Inc. is one of the world's largest entertainment and publishing companies and a leading force in nearly every segment of the international media market place. The rapid growth in the group's activities outside of the USA has resulted in Viacom establishing a number of corporate offices around the world to oversee the financial performance and strategic direction of their various operating units.

The London office focuses on providing finance, tax and legal advisory services to operating companies primarily in Europe and Asia which include Paramount, Blockbuster Video, MTV Networks, Simon & Schuster and Virgin Interactive. In an effort to further strengthen the London corporate office, Viacom is now seeking to attract dynamic and entrepreneurial finance professionals for the following positions:

### Director of Audit

c.£80.000 + bonus + benefits

Ref: 90098/C

The Positions

Audit Managers (x2)

planning and execution of audit field work.

Provide strategic input into a variety of ad hoc projects.

c£50,000 + bonus + benefits

Ref: 90098/B

Group Accountant

Ref: 90098/D

- Play a pivotal role in the development and implementation of an international audit strategy.
- Develop strong and lasting working relationships with senior local business unit managers to establish audit as a 'value added' service.
- Plan, co-ordinate and supervise multiple audit assignments of a financial and operational nature.
- Assist in broader synergy issues between autonomous operating groups.

### The Requirements

- Graduate ACA, with a minimum of 6 years' post-qualified progressive audit experience gained within a premier accounting firm or dynamic multinational corporation.
- Ability to develop a function from new, in an environment of limited and shared resources.
- Highly motivated, entrepreneurial and hands-on individual, with firstclass presentation skills.
- International in orientation and highly mobile.

The Requirements

Craduate ACAs with a minimum of 3 years' post qualified experience gained within a blue-chip environment.

Assist the Director in the development of this new 'value added'

■ Work closely with the Director of Audit and take a lead role in the

Develop audit programs, draft audit reports and present findings to senior management across the group, with minimal supervision.

- Commercially astute with strong analytical and administrative skills, harnessed to sound practical judgement.
- Persuasive and perceptive with inherent ability to act as a business
- Exceptional communication skills with proven leadership qualities.

# c.£40,000 + benefits

### The Position

- Reports to the Director of Finance (UK), tasked with providing accounting
- guidance and assistance to UK operating groups. Responsible for financial reporting and accounting for UK holding
- companies, group consolidations and statutory reporting. Develop and operate UK cash pooling/cash forecasting systems.
- Provide input into group restructurings, joint venture arrangements and acquisition programs.

### The Requirements

- Graduate, Big 6 trained ACA, with approximately 1-2 years' post-qualified experience.
- Self-motivated, results-orientated individual willing to take the
- Demonstrate maturity and intellectual capability.
- First-class presentation skills capable of being a service provider to the various operating divisions.

For all the above positions, knowledge of a second European language would be a distinct advantage. To be successful in all these roles, you will need to be energetic, flexible and keen to contribute to this challenging new venture.



Please send your CV with current salary details to: David Burton, K/F Selection, 252 Regent Street, London W1R 6HL, quoting the appropriate reference.

Alternatively send by fax on 0171-312 0020 or e-mail to cv@kfselection.com Internet Home Page: http://www.kfselection.com



K/F SELECTION

A DIVISION OF KORN/FERRY INTERNATIONAL

In return, Viacom can offer unrivalled career prospects and will actively seek to deploy corporate staff in line management roles within the operating businesses in the medium term.

Our client is a US fast growing hi-tech company. With operations in more than 50 countries, the company generates a turnover of approx \$1.4 billion and employs more than 8,000 people worldwide. Due to strong and constant expansion over the last few years, they are now strengthening their European headquarters in France by recruiting key financial managers

# Financial Planning and Analysis Manager

- Responsibility for analysis, interpretation of financial results.
   To co-ordinate overall business forecasts and financial reporting to US headquarters.
- To manage a team of 4 Senior Financial Analysts. Assisting the Vice President and Controller Europe in integrating new acquisitions

Candidates must possess strong financial analysis skills with a minimum of 10 years experience. In addition, you should have business understanding, organisational ability and relationship management skills. Ref AD14573.

# Tax and Treasury Manager Specialist

- Responsibility for co-ordination of policy implementation with US tax and treasury operations, and for cash nagement and bank relations in Europe.
- To implement foreign exchange exposure monitoring and hedging policies.
  Providing support and recommendations for Mergers and Acquisitions.

To meet these challenges, candidates will have 3-5 years treasury management experience in a multi-national environment. A sound working knowledge of international cash management techniques is sought, together with experience in the analysis and control of currency and interest risks. Preference will be given to candidates with tex advisory experience. Ref AD14575.

# Credit and Commissionnaire Manager

Paris

- To manage a network of approximately 12 country controllers across Europe in decentralised commission organisation
- To establish base cost analysis and financial support to Euro Distribution Centre logistics and customer Initiating and conducting credit and collections all over Europe.
- Candidates must have related work experience (10 years) and will have an open and flexible approach with the ability to produce high quality work under right time pressure. Ref AD14577.

An attractive remuneration package is offered for these key appointments and will include the opportunity to earn performance related bonuses. Opportunities for further career development within the group are excellent. Interested applicants should write, quoting the relevant reference, enclosing a comprehensive curriculum vitae, salary details, photograph and relephone number to Amaury Destailleur at Michael Page International, 3 houlevard Bineau, 92300 Levallois Perret, France or fax on +33 1 4757 3918.



# DIVISIONAL FINANCE MANAGER

Rapid Growth Environment

Kent

To £45,000,

Operating within dynamic markets which are experiencing rapid growth, this high profile market leader is well-positioned to exploit fully the opportunities available and has ambitious but achievable plans to grow at 50% plus per annum. The division, with a current turnover of £30m, is part of a major and expanding UK Group in the FMCG sector, Future career opportunities are excellent.

Reporting to the Divisional General Manager you will be responsible for all financial issues at 3 locations including:

- Summary information to Group and management information to Divisional Executive team
- Ensuring financial controls are in place and IT systems (SAP) are fully utilised Supporting the General Manager in developing and implementing longer-term strategy
- Commercial evaluation of business activities and related profitability, recomimprovements as appropriate

bonus, car

This broad and challenging role will require a technically strong Qualified Accountant who more importantly has developed and utilised his/her skills in a demanding commercial role. Additionally you will have an analytical approach and be personally credible to peer group and senior management. Your influencing skills will have played a key part in your contribution to a developing or growing bosiness. You must also evidence a proactive and practical approach with a good sense of humour.

Interested candidares should write with full CV, quoting current rewards package to Karen Wilson, Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lanc, London EC4A 1DY, Tel: 0171 430 9000, Fax: 0171 405 5995 quoting ref: HKW/5579/FT:



Hoggett Bowers

Michael Page International

# DIRECTOR **INTERNAL**

**AUDIT** 

**LONDON BASE** (World Wide Brief)

c. £50,000 Package + Attractive Benefits

SOTHEBYS

Formed over 250 years ago, Sotheby's is today one of the world's largest and most respected firms of fine art auctioneers. Sotheby's operates from 100 offices in 45 countries which in 1995 generated sales in excess of \$1.6 billion. Recent high profile auctions included the largest house sale in history at Baden-Baden, and the record breaking sale of the Kennedy collection in the USA. The Sotheby's name indicates quality and tradition yet a planned programme of investment in technology and operational procedures has positioned the group favourably to capitalise on, and grow, in this competitive arena.

An integral feature of Sotheby's management structure has been the impact and influence that the Internal Audit function has with particular reference to strategy and long term planning within the group. With this in mind, the group is keen to identify an exceptional individual who will take full responsibility for assessing the risk of Sotheby's. global business and provide an independent evaluation of the effectiveness of financial and operational controls.

Reporting to senior management based in the United States, you will develop and implement various long range plans that will contain appropriate vision and constructive suggestions designed to enhance operating efficiencies across the group. Daily contact will involve many disciplines including Business Managers, IT and the Legal function.

As a senior management role. the position requires the intellectual and perceptive attributes of a highly motivated graduate Chartered Accountant with audit managerial experience gained both from within the big four and a progressive industrial group. International and US

GAAP exposure is also

required.

Interested candidates should write to Mark Rowley at Herst Austin Rowley, 30 St. George Street, London W1R 9FA, enclosing a full Curriculum Vitae and quoting reference HAR826. Fac. 0171 409 7872. E-mail: har@globalnet.co.uk

**HERST AUSTIN #** ROWLEY

Part of the Harrison Willis Group

### Analyst **Pension & Profit Sharing funds**

within the Treasury department which has responsibility for overseeing the investment of worldwide pension and profit sharing plans

A master degree in finance, economics, mathematics or accounting is prefered with a minimum of 3-5 years experience in finance in the investment areas with European funds.

Condidates must have an excellent understanding of budgeting and general financial statement preparation and presentation.

This position will allow you the opportunity to participate in establi-

shing investment policy and strategy, managing the external firms investing the plans' assets, employee communications and depart-This position will initially be based in Manhattan, New York, with Measurement & Systems. If you enjoy working in a team, have excellent written

Schlumberger emplays 51 000 people of 95 natio

nalities in 90 countries

Oilfield services and

within 2 business sectors:

and oral skills, and would enjoy a mobile career. please send your application with a C.V. and photograph to

Media

Schlumberger Limited

potential relocation back to Europe within several years. 42. rue Saint-Dominique 75007 Paris - France

> Seeks to fill the following position INTERNAL AUDITOR

International Federation of Red Cross & Red Crescent Societies

This key position ensures the effectiveness of internal control systems relating to funds that are destined specifically for the protection and dignity of human life throughout the world.

Duties will include conducting audits within the Secretarian departments in Geneva and throughout the Field to assess the integrity of financial information, evaluate the adequacy of administrative and accounting controls that are in place, verify the effective an economic use of resources and ensure that assets are safeguarded. In addition, you will be required to provide continual follow-up and assistance to Secretariat departments and National Societies to develop and improve their systems

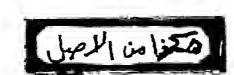
Qualifications include a university degree, with preference for an MBA, and/or a professional accounting accreditation (i.e. C.A.) together with at least 3 to 5 years experience in public accounting or auditing. Excellent negotiation and communication skills in English are required as is the ability to work effectively under pressure. Competence in one of the other official languages of the Federation (French, Spanish or Arabic) is also required.

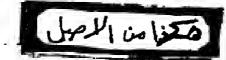
This position is based in Geneva and travel will be required.

Applications must be received by 25th September, 1996 indicating competition number: 96-088 and addressed to the following:

International Federation of Red Cross & Red Crescent Societies

P.O. Box 372CB-1211 Geneva 19 Fax: 41.22.733.1727





# VICE PRESIDENT, GLOBAL INVESTOR RELATIONS



Substantial executive package

**GERMANY** 

adidas is the world's third largest sports manufacturer and one of the most famous names in the bu With a presence in over 160 countries and an arasoal innsover in excess of \$2 billion, they are well on the way towards achieving their mission of becoming the world's best sports brand. Following their successful flotation on the Frankfurt and Paris stock exchanges, they need an experienced justiness professional to promote the benefits of a long-term investment in adidas.

### The Position

- Reporting to the Executive Board, take ponsibility for the development and running of a world-class IR function.
- Shape and implement a variety of programmes to serve both individual and institutional investors.
- Effectively represent the Company to the investment community as well as potential
- Lead the production and presentation of annual and quarterly shareholder reports.

Please send your CV with current salary details to: Ken Brotherston, K/F Selection 252 Regent Street, London W1R 6HL.

The Requirements

- Degree educated, prescrably with a further business or accounting qualification as well as exceptional analytical ability.
- In-depth knowledge and experience of best practice in complex investor Relations, as well as US or UK accounting and investment practices.
- A skilled relationship builder with the highest level of oral and written com ideally fluent in German and English.
- The ability to work in an autonomous, hands-on and energetic way, in a highly-pressurised role.

quoting ref: 90088/A. Alternatively send by fax on 0171-312 0020 or e-mail to cv@kiselection.com Internet Home Page http://www.kfselectio

K/F SELECTION

# A DIVISION OF KORN/FERRY INTERNATIONAL

## World leading service company

Controller - France

c. FF700,000 + Bonus + Benefits

- C. FF700,000 + Bonus + Benefits

  Our client, with worldwide revenue in excess of \$3 billion, is recognised as being the market leader in the transportation service industry. This U.S. based multinational corporation is currently seeking a Controller for its French business unit, the largest and most profitable operation in Europe. Reporting to the General Manager France and functionally to the Controller of European Operations, responsibilities will include:

   Directing the financial and accounting functions of a \$200 million business unit in accordance with U.S. GAAP standards and local statutory requirements.

   Prepare, analyse and interpret financial matters for utilisation by management in the decision making process and evaluate the data with reference to company and unit objectives.

   Establish and maintain an integrated financial plan consistent with the company's goals and objectives, both short and long term, analysed and revised as required and communicated to all levels of management.

   Develop and revise internal control standards to provide guidance and assistance to other members of management in ensuring conformance with company standards.

   Oversee assigned tax, treasury, purchasing and MIS functions, maintain appropriate relationships with internal

and external auditors and develop and maintain syste procedures in accordance with company standards. procedures in accordance with company standards. The ideal candidate will be a qualified accountant and probably an MRA with at least 10 years PQE gained with U.S. multinational organisations and possess prior Controllership or FD experience. Given the highly commercial focus of this position, the individual will display both strong technical skills and considerable business acumen and be able to operate in an environment that is transitioning to a centralised shared service structure.

This is a challenging and demanding role which will require a proactive individual with superior communication skills, a grasp of day-to-day management as well as the ability to make a significant committed on, at a strategic level, to the performance and profitability of the company. Fluent English and Evench is essential.

Suitable candidates should forward their details to the advising consultant, Jonathan Kidd, at Harvey Nash Plc, 13 Braton Street, London W1X 7AH. (Tel: 0171 333 0033, Fax: 0171 333 0032.) Please quote reference HNF151FT. You may also apply via http://taps.com/Harvey\_Nash

HARVEY NASH PLC



### To £55,000 package + benefits

Major UK Quoted Group

# **Corporate Development Executive**

Internal promotion within this profitable and fast growing manufacturing and distribution group has created the opportunity for a first class finance professional. Turnover of £1.3bn has trebled over the past four years through acquisition and organic growth. Working closely with the Chief Executive and the Group FD, the key tasks will be to evaluate and deliver a broad range of corporate development initiatives as the group continues to grow both organically and by acquisition. Good career opportunity into line management

### THE ROLE

Excellent

compensation

packages and

benefits

0

- Supporting the board in all aspects of acquisitions and disposal transactions to deliver a progressive strategy focusing on
- Working closely with senior line management on budget preparation and capital expenditure reviews. Reviewing the performance of acquired companies and conducting ad hoc projects.
- Acting as a key external facing resource for group finance, researching corporate development opportunities and dealing directly with third party advisors.

Leeds 0113 2307774 London 0171 493 1238 THE QUALIFICATIONS

- Ambilious graduate ACA, aged late twenties to early thirties with prior exposure to corporate development from a corporate, banking or the Profession. A European language advantageous.
- Adept relationship builder comfortable operating at board level with the intellect and interpersonal skills to influence and support senior executives across the business.
- Pragmatic analysi and presenter with strong financial skills. Self-starter able to grow both personally and professionally within the role and progress lurther.

France

Selector Europe Spencer Stuart

Please reply with full details to: Selector Europe, Ref. Fe2010744, Lo Connengia Placo, London W2 200

# SENIOR EUROPEAN FINANCE DIRECTORS

### **Spain** Sweden

Germany

A dynamic muló-nacional, our client has revolucionised the IT market through unique sales techniques and an exceptional customer commitment. Strong financial management is fundamental to the continued market growth and success of this company and is a key factor in determining its future strategy.

Revenue growth in excess of 45% per annum and a series of internal promotions throughout Europe have created four outstanding opportunioes for ambioous Senior Finance Executives in Spain, Sweden, France and Germany.

The successful candidates must be accomplished communicators, have a high degree of commercial acumen, and the ability to positively influence business performance and lead in decision making at national and regional levels.

Equally, you must be fluent in English and at least one of the above local languages, and be able to demonstrate considerable success in International financial management at a senior level. Tenacity, flexibility, mental toughness and ambioon will provide you with exceptional career opportunities within this vibrant global Corporation.

Candidates interested in these outstanding opportunioes should send/fax their CV (in English) to our advising consultants Jane Storic and Mark Pockele at FSS Europe, Charlotte House, 14 Windmill Street, London W1P 2DY, United Kingdom. Fax: 44 171 209 0001 or 44 171 813 9479. Tel: 44 171 209 1000. Quoting reference: FT000.



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1.11

Abosso Goldfields Limited is in the final stages of the transition from Gold Explorer to

You will be a qualified Accountant with a proven track record of success at a senior 280,000 ounces a year and an annual operating budget of approximately US\$60m. Our client is 90% owned by Ranger Minerals, a publicly quoted company based in Perth,

They are now seeking to recruit a high calibre individual to belp spearhead the company's next phase of development. Reporting to the Operations Manager on site, you will operate as part of the senior management team, assisting with the development of broad operating, philosophy for the project.

Your key responsibilities will include:

- Financial Analysis and Cash Flow Management. Budgetary Co-ordination and control.
- Corporate and statutory reporting including taxation. Management of Personnel and Procurement functions comprising 34 staff.

# £55,000 + expatriate package

level. Possessing strong interpersonal as well as man management skills you will have had broad exposure to administrative procedures. Previous industry related experience is desirable, but not essential, however, knowledge of working in a multicurrency environment is a pre-requisite.

Age will not be a barrier, but candidates should be adventurous, outgoing and able to meet the challenges of living in a tropical climate in West Africa. Contracts for the position are specific to the requirements of the project, however, it is envisaged that contracts will for a period of three years with a possible extension.

Situated in the Tarkwa district of south western Ghana, local conditions are excellent and the environment is family orientated. The post attracts a generous benefits package including accommodation, 70 days' leave per annum, travel, medical and

For further information in the strictest confidence contact Graham Guess on 01895 850 582. Alternatively, send your résumé quoting reference number 1119/38 to Morgan & Banks PLC, Brettenham House, Lancaster Place, London WC2E 7EN.

# Morgan & Banks

# BRITISH VIRGIN ISLANDS

Due to the continued expansion of our Tortola office, we are seeking to recruit a

# CHARTERED/CERTIFIED ACCOUNTANT

The successful applicant should have 3-4 years post qualification experience and should be sufficiently proficient in their knowledge of I.T. systems to manage the existing LT. installation and liaise with Group head office in the development and maintenance of systems.

Reporting to the Managing Director, this position will form an integral part of the senior management team and carries responsibility for all internal operating controls and systems. Experience in the offshore financial field would be an advantage but is not essential.

THIS POSITION REPRESENTS AN OPPORTUNITY FOR A CAREER PATH INTO A SENIOR MANAGEMENT POSITION FOR AN AMBITIOUS PERSON WISHING TO JOIN A MAJOR OFFSHORE FINANCIAL SERVICES GROUP.

An attractive package is offered, including an incentive scheme, non contributory pension arrangements, company car and health scheme.

> Applications, including a full C.V. should be addressed to Box A5682, Financial Times, One Southwark Bridge, London SE1 9HL

# Spanish or Russian Speaking Accountants/MBAs

# International M&A/Corporate Finance

Mid/Late-20s

to c.£40,000 + Car

West London

blue chip UK Pic with worldwide operations and a market leader in its consumer product sector. Growth opportunities and planned expansion have created a need for one, possibly two, exceptional young individuals to join its small Business Development learn working within the overall

Analyst(s), to provide support to the Corporate Finance Director. The Business Development team works at the highest level within the division, both at the centre and with local/regional operational management worldwide. It provides a commercial/financial evaluation and centrally based corporate

divisional finance function in the capacity of Senior Corporate Finance

Our Client is a substantial International division of a major

finance service" across the division on a global basis. As a key member of an integrated project team you will evaluate potential acquisitions/JVs/disposals, structure deals, participate in or co-ordinate due diligence and generally project

manage the deal process. You will be required to communicate and flaise effectively with senior management, within the organisation and with vendors, as well as with external advisers and, therefore, you should be capable of building strong high-level working relationships. Excellent career development opportunities are likely to follow from this role.

You will be a graduate ACA/ACMA or MBA in your mid/late 20s, highly PC-literate and possessing strong analytical skills. Experience of project related work including DCF modelling skills. ideally gained in a corporate finance environment either in industry. the profession or an investment bank is highly desirable. You must also be a fluent/good Spanish or Russian speaker.

You should write or fax in confidence, enclosing your resume and current salary details and daytime/evening telephone numbers, quoting reference 609/A on both envelope and letter/fax, to the address below:

Chryssaphes Flammiger Associates, Backtel House, 245 Hammersmith Road, London W6 8DP (Fax: 8181 528 9878).

# Appointments Advertising

appears in the UK edition every Wednesday & Thursday and in the international edition every Friday For further information please call: Robert Hunt on +44 0171 873 4095

The state of the s

# Finance Managers

### **Bakerloo and Victoria Lines** £26,900 - £40,400

London Underground is a complex rapid transport system with over 2.5 million customers daily. To ensure our continued success we are investing heavily across all aspects of the network, and are now seeking two experienced finance professionals, one for the Bakerloo Line 1700 staff, 11 fully owned stations and 250 tube cars) and another for the Victoria Line (730 staff, 10 fully owned

These are aenior management roles demanding a high level of commercial expertise in order to plan, develop and co-ordinate the Lines' financial and commercial activities, including the provision of professional asset management and financial information systems to ensure commercial viability into the

Your wide-ranging brief will involve providing management information, financial forecasts, business performance targets and identifying future investment requirements. Whilst financial success is your main remit, you will also contribute to the overall management of the Lines by helping to develop creative and innovative business solutions within a changing environment.

A qualified Accountant, you should have at least three years' broad based management experience, ideally gained within the service sector. You will have first-rate leadership, communication and performance management skills, which will be fully utilised in heading your own team, who will count on you for support and guidance to achieve their full potential. Excellent planning and organisational ability combined with a thorough understanding of information systems is essential.

We can offer an attractive remuneration package together with excellent opportunities for personal development.

Please contact Diane Dean, Resource Consultant on 0171-918 1118 for an information and application pack. The closing date for completed applications is 23 September 1996.

Working Towards Equality

X

# **EUROPEAN FINANCIAL CONTROLLER DIRECTOR DESIGNATE**

c£35-45k + Bonus + Benefits Walsh International is a major global supplier of sales and marketing together with actively supporting the Financial Controllers in each information systems to the Pharmaceutical and Healthcare Industry. With a turnover in excess of \$50m and operations in 13 countries it has recently been corporate office in London this challenging new position is a result of their rapid growth over the last 5 years.

to the Chief Financial Officer, you will be responsible for the consolidation and analysis of plans, budgets, forecasting and results of 8 European Subsidiaries. Working closely with the VP Europe, you will provide Walsh International is a growing international company and excellent care support in the setting and reviewing process of plans and budgets development opportunities will be svallable for the successful candidate.

SW London European country in driving initiatives forward.

You will need to be a qualified Accountant with at least 5 years PQE. Having successfully floated on the Nasdaq Stock Exchange. Based at the UK worked with a multi-national company you should have a mix of operational and HO experience, ideally within a service oriented environment. Knowledge of PC based computer systems is essential whitst a second European language This key role offers a wide scope of influence and accountability. Reporting and knowledge of USA statutory requirements is an advantage. This demanding role requires a proactive individual used to managing change, with energy and initiative together with strong interpersonal skills.

Walsh International is a growing international company and excellent career

Please apply in writing with full career and salary details to Richard Edmondson, Mercuri Urval Limited, Peat House, 45 Church Street, Birmingham B3 2RT, quoting reference 0508/200.

accountability and responsibility.

ORDER NUMBER: 609 PROOF: 3RD

### APPOINTMENTS **ADVERTISING**

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.

For further Information niease contact: **Toby Finder-Crofts** +44 0171 873 3456 COMMERCIAL DIRECTOR

Midlands

Circa 240k Plus

BMW 520 - Benefits

Our client, a dynamic and profitable customer-focused retail services Our client, a dynamic and promition customin-reconsitioned retain spanies apany, turnover in excess of £25m, is poised for a major programme of inucturing and change. With the backing of a large multi-national Group, new management beam is putting to place an ambitious strategy for group new management beam is putting to place an ambitious strategy for group. THE OPPORTUNITY

THE COMPANY

You will take full accountability for the financial management of the You wal take full accountability for the shancial management of the business, which will include client contract negotiations. Line management responsibility will cover a broad range of head office finance and non-financial functions. A key element of this important new position will be working closely with senior colleagues and corporate clients to enable and facilitate strong commercial decision-making.

THE CANDIDATE

The successful candidate will be a graduate qualified accountant, current operating at senior management level, with a positive record of achievement is a retail or similar environment. A high level of drive and enthusiasm will be looked for together with a clear head for figures and a natural instinct for profitable business management.

if you are interested in the exciting opportunity, please write, in confidence to Rej Abraham at ARPM, 7 Edon Chambers, Nottingham NG1 2NS, enclosing your CV with present remuneration, day and home telephone numbers.

OFFICES AT LEEDS, SHIFFIELD, NOTTINGHAM AND MANCHESTER

### \*ROMANIA

THURSDAY - BECKE DOWN - SPECIALIST

## **OPPORTUNITY\***

1. 基件符

SEA

THE BUSINESS IS A JOINT VENTURE BETWEEN A SUCCESSFUL U.S. OWNED MARKET LEADER AND A MAJOR ROMAINAN CHEMICAL MANUFACTURER. YOU WILL BE BASED AT A NEW PLANT PRODUCING BATCHES OF SPECIALITY CHEMICALS. BOTH THESE ROLES REQUIRE AN UNDERSTANDING OF BATCH MANUFACTURE WHILST INTERNATIONAL EXPERIENCE ALLIED TO KNOWLEDGE OF ROMAINAN OR GERMAN WILL BE ADVANTAGEOUS. PACKAGES INCLIDE FREE HOUSING WHILST IN ROMANIA FOR AN INDIVIDUAL OR FAMILY, GENEROUS TRAVEL EXPENSES, AND EXCELLENT PENSION AND HEALTHCARE PROVISION, SALARIES AND EXPENSES CAN BE PAID IN THE CURPISACY OF CHOICE. PROVISION. SALARIES AND EXPENSES CAN BE PAID IN THE CURRENCY OF CHOICE

### PLANT FINANCIAL CONTROLLER

NEG c£50.000

QUALIFIED AND EXPERIENCED MANAGER REQUIRED TO ENSURE A COMPREMENSIVE FINANCIAL AND MANAGEMENT ACCOUNTING SERVICE TO THE GENERAL MANAGER AND HIS TEAM AND EFFECTIVE REPORTING TO THE UK BASED GROUP FINANCIAL CONTROLLER.

# MANAGEMENT ACCOUNTANT

NEG c£30,000 PROBABLY QUALIFIED YOU MUST BE VERY EXPERIENCED IN BATCH COSTING, BUDGETING AND

PLEASE FORWARD COMPREHENSIVE CV DETAILS TO ROBERT EDWARDS AT RTE CONSULTING, THE HEATHERS, CAERBRYN ROAD, PENYGROES, LLANELLI, CARMS, S. WALES, GB. SAI4 7PH. TEL/FAX (01269) 831595.

FINANCIAL

# **CONTROLLER**

profitable company.

A rare opportunity to join a dynamic, progressive and highly successful American retail organisation as they embark upon an ambitious UK launch that will result in over 60 stores throughout the UK in the next 5 years. The company is strongly committed to its staff and encourages an innovative and entrepreneurial approach, whilst maintaining a high quality and extremely

### The Role

Responsible for the entire financial management of the UK company you will be heavily involved in planning and forecasting for the successful launch, together with developing financial control and management information systems. You will work closely with the Managing Director, deputising in their absence and be closely involved in commercial and operational issues. Your role will quickly develop as the company grows and you will play a key role in analysing the potential of new sites.

### Midlands

### c £40,000 + package

### The Appointee

Energetic, ambitious and pro-active, you will have excellent technical skills together with a commercial approach. You will have at least four years post qualified experience within retailing and be seeking a challenging role where you can assist in driving the business forward. Demonstrating strong inter-personal skills you will have an innovative and inquisitive manner and be committed to providing a high quality service to the business and its oustomers.

HAVS EXECUTIVE To apply please write enclosing your CV and salary details together with a covering letter outlining your relevance to this role to Neil Holmes

# UK Plc - Hi-Tech

# **Financial Controller**

Our client is developing rapidly and building a ... strong reputation within its specialised market. sector, and currently amploys in excess of 200 people. As well as growing the UK business, the company has plans to expand internationally, probably by acquisition.

Ansing out of this growth there is now a requirement to appoint a Financial Controller, who, reporting to the Finance Director, will manage a small finance function and service the business through the development and production of pertinent management information as well as meaningful budgeting and forecasting.

 Cendidates should be qualified accountants with a minimum five years PQE, ideally gained from within a hi-tech or phermaceutical environment, who are technically strong and have good forecasting and budgeting skills. Key requirements are demonstrable staff management abilities and a sufficiently outgoing attitude to relate Cambridgeshire - £40/45,000 + car

effectively across other disciplines, with particular emphasis on technical managers. Acquisitions experience would be helpful.

The growth of the business is such as to offer further career opportunities in the longer term.

■ There is a flexible benefits plan which includes a bonus and share options and relocation assistance is available if appropriate.

Please send your curriculum vitae with current salary details and an explanation of how you meet these requirements to Carrie Andrews, Ernst & Young Management Resourcing, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH,

### quoting reference CA0042. **I ERNST & YOUNG**

# **Financial Controller** World leader in transportation systems

Midlands - c. £40,000 + car + benefits

organisations, our client is part of an internationally based market, with a strong local presence. The Group employs in excess of 4,000 people in the UK, with a tumover of £400m; and employs 23,000 people worldwide, with a tumover in excess of C3bn. Our client menufactures turnkey transportation solutions and has a range of high profile reference sites throughout the world.

This new role has been created to enable the Finance Descrot of the company to concentrate on. finance issues at a strategic level. The Financial Controller will be expected to proscovely take control of the function in order that the Finance Director can quickly shift his focus. Overall, the introduct will be responsible for all aspects of the accounting process. and the co-ordination of the budgeting and forecasting cycle and will be supported by a small team to manage

 A qualified accountant, preferably CIMA, you can demonstrate strong technical accounting stalls, ideally in a manufacturing environment. You should display.

developing the competencies of people around you. To excel in this role you will need to present a determin personality and take the lead in developing successful relationships with your peers and the executive team and be able to operate in a decentralised project structure. Computer literacy and sound problem solving skills as well as the ability to work to tight deadlines will also be required to succeed in this role.

 In return you will be offered a competitive compensation package with the opportunity to progress your career locally or internationally.

To be considered for this position please send your curriculum vitae with current salary details and an explanation on how your expenence meets the above criteria to Paul Modley, Ernst & Young Management Resourcing, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH, (fex: 0171-931 1022), quoting reference PM0056.

**ERNST & YOUNG** The United Kingdom firm of Ernst & Young is a member of

Mercuri Urval

### FINANCE DIRECTOR

KEY ROLE MANAGING CHANGE WITHIN DYNAMIC SERVICE BUSINESS

NORTHERN HOME COUNTIES

c. £60,000 + SIGNIFICANT BONUS + BENEFITS

• £80 million turnover UK subsidiary of a leading international Group, operating within a competitive and demanding sector of the business to business

 Recently appointed Managing Director wishing to augment his senior management team with a commercially focused finance professional to help achieve a planned doubling of the business over the

 Broad brief, expected to contribute across all aspects of the business as part of the senior management team, with the emphasis on improved operating efficiency and service quality. Key tasks include: strengthening of financial controls, proactive development of strong links with the business, and the provision of financial information that is of real value to the management team,

se apply in writing quoting reference 1212
with full career and salary details to:
Susan Ryder
Whitehead Selection Limited
11 Hill Street, London W1X 888
Tel: 0171 290 2043

http://www.gbnct.co.uk/white

have been gained in a multi-site service business. High degree of systems literacy and proven ability to develop stuff, you must also be able to demonstrate strong commercial skills. Credible at Board level, with excellent

Particular emphasis on the motivation of the 40

strong finance team during a period of considerable change, encouraging empowerment, increased

· Probably in your mid to late thirties, of graduate

calibre and a qualified accountant. Wide ranging finance experience some of which should, ideally,

interpersonal skills, you will combine solid technical ability with sound business judgement and a proactive approach to establishing finance as a valued contributor to the development of the business Success in this role will lead to opportunities for career progression elsewhere within the Group.

Whitehead

WEST LONDON

# PAXAR

US MULTINATIONAL - FAST GROWING EUROPEAN SUBSIDIARY

# CHIEF FINANCIAL OFFICER

c.£60,000 + bonus + benefits

Parar Europe is a wholly-owned subsidiary of Parar Corporation, a global c.f.l35million world leader in the manufacture of identification products and systems for the retail apparel and textile industries. With European sales of c.f.32million, a combination of organic growth and acquisition activity in its markets will enable the company to continue to expand rapidly and profitably. An outstanding opportunity now exists for a Chief Financial Officer to play a key part in its growth.

The Position

Report to the CEO, Paxar Europe, manage financial implications, reporting and details of investments and trading throughout Europe.

involving him/herself with future strategic direction of the company. Play a major role in acquisition activity and joint

Establish a sound relationship between senior management of both the US parent company and the various operations forming Paxar Europe.

The Requirements Experience in managing financial transactions, including acquisition and joint ventures, within

Europe. of a manufacturing company with experience in understanding financial reporting in major European countries.

 A qualified chartered or management accountant with a degree, possibly an MBA and fluency in English and at least one other major European language. Strong financial, business, IT and interpersonal skills with the highest levels of intellect, energy

Please send your CV with currently salary details to: David Gibbs, K/F Selection, Concorde House, Trinity Park, Bickerhill Lane, Solihull B37 7ES,

and integrity. quoting ref: 90991/8. Alternatively send by fax on 0121-782 2524 or e-mail to cv@idselection.com Internet Home Page: http://www.kfselection.com

K/F SELECTION A DIVISION OF KORN/FERRY INTERNATIONAL

c£60k + car + benefits and relocation

In business, as in life, survival is reliable to managing risks, internal handle, not surprisingly, growing business sectors at Aribur Amstersen, part of the world's largest predessional services. Our UK team comprises outstanding professionals performing prospective specializable hand this companies that demand real value from internal audit. Using Global hear risks and this companies that demand real value from internal audit. Using Global hear risks and only Modelm, we share knowledge on a global bears and help turn phics unto opportunities demand, we are now looking for a senior professional to head up our Violathely variety. Leading a team of consultants and possibly travelling throughout the UK and responsible varieties of internal audit outsourcing and consultancy consultancy reflect baselines device With a professional qualification, you will probably have at leasting vertice of the patential to operate within a consultancy environment confinement and strategies in the patential and operate within a consultancy environment confinement and grant progress. Our training and career suppost is one going and progress. Our training and career suppost is one going and supposed. Prime a description of the patential CV including full subreplaces to Supplication. Archael Anderseas the substantial and CV including full subreplaces up Supplied on. Archael Anderseas the substantial and CV including full subreplaces upon the Supplied on Supplied on Archael Substantial Supplied on Supplied on Supplied on Archael Supplied Supplied CV including full subreplaces upon Supplied and Archael Supplied S

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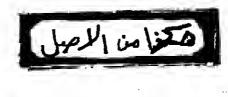
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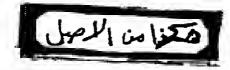
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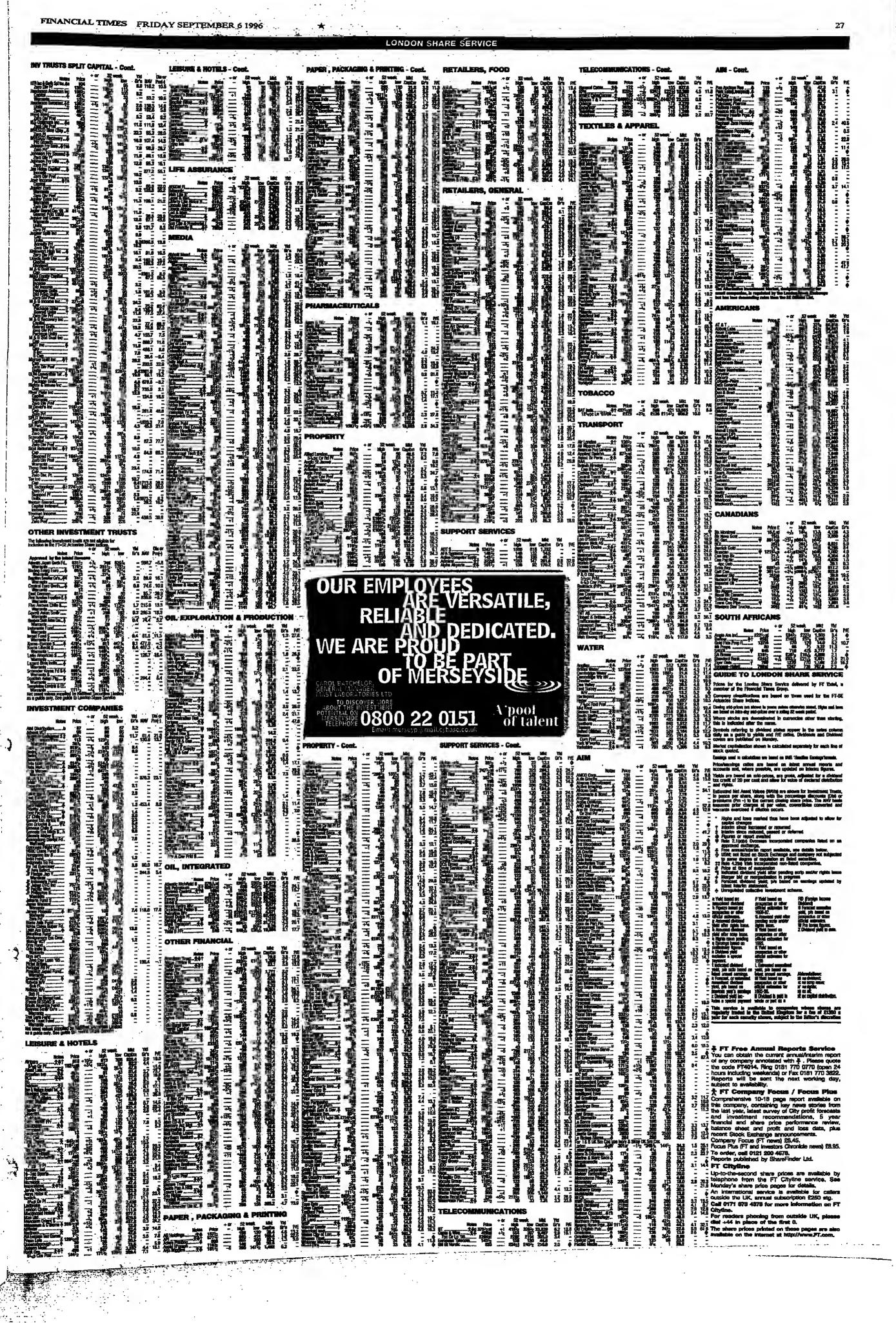
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26 LONDON SHARE SERVICE HOUSEHOLD GOODS - Cont ALCOHOLIC BEVERAGES 11 15 15 11 11 -3 -35 -35 -61, -61, STATE OF THE PROPERTY OF THE PARTY OF THE PA 1.7 MERCHANT 語の対象が対象を含める 1, 17 11 11 11 11 11 11 11 ALIEN THE PARTY 1.1 110.1 -1.7 Note AS Tabout Her AS Temporary ReControl End AS Temporary ReControl End AS Temporary Research Research ReControl ReCo では、日本のでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、100mmのでは、1 INSURANCE を ところ ᆙ ᆙᆔᅹᆙᄥᆙᄙᆙᄱᆙᅹᇏᄙᄥᆙᄥᆙᄥᆙᄥᆙᄥᆙᄥᆙᄥᆙᄥᆙᄥᆙᄥᆙᄥᆙᄥᆙᆉᇒᄥᆙᅷᄥᅹᇸᇸᄥᄥᆄᆛᅑᅼᆒᆛᄥᆙᄥᆙᄥᆙᄥᅷᄙᆙᆔᆔᆔᆔ ᄥᆙᄥᆙ 的现在分词 医克里斯斯氏 医克里斯斯氏 医克里斯氏 医克里斯氏 医克里斯氏 医克里斯氏试验检尿病 医克里斯氏试验检尿病 医多种性 医多种性 医多种性 医克里氏试验检尿病 1、北京の野野野の大田の大田の東の東京の 원 **%**라 1월 经额级 23 1502 13.1 中 日本の 97 725 197 3823 78 | 新雄雄川 अमामामामाममञ्जातातियक्ष्यं व्यापातामामामामामा のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、日本のでは、 DIVERSIFIED INDUSTRIALS 十年 學一年 一年 一年 一年 For effective solutions to company car funding and management, the proof of the pudding is in the eating. 0800 269895 127 THE PERSON NAMED IN COLUMN EACL

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### LONDON STOCK EXCHANGE

### MARKET REPORT

# Big fund raising hint fuels takeover talk

By Steve Thompson, UK Stock Market Editor

A sudden and powerful hurst of takeover rumour-inspired activity in the pharmaceuticals sector. plus e bullish survey of distributive trades from the Confederation of British Industry were behind a strong showing by leading Uk stocks yesterday.

The speculative buying in the drug stocks and the impact of the CBI survey on the consumer areas of the stock market helped damp down the ever-present worries in London about the crucial US non-farm payroll report for August, expected this afternoon.

index was 14.5 higher at 3,887.2. Second-line stocks were left well behind, however, as the big institutions and speculators concentrated their resources on the leaders. The FT-SE Mid 250 made good progress in mid-morning, when it posted a near-20-point gain, but faltered in mid-session and closed only 0.7 higher on bal-

ance at 4.406.7. Engineering-related stocks provided a substantial drag on the Mid 250, with Vickers, Henlys and Senior engineering occupying the top three slots in the Mid 250 worst performers table.

The market's firm feeling at

At the close, the PT-SE 100 the close was in contrast to the as the bid stories began to circudex was 14.5 higher at 3,887.2. start of trading which saw share late. Market talk suggested that prices struggling to cling on to modest early gains, with marketmakers unconvinced about Wall Street's security so close to the non-farm payroll report.

But with the excellent news from the CBI survey, which showed retail sales running at dealers focused on the most plautheir best levels for eight years, share prices began to accelerate, helping sentiment across the market.

Fresh worries about Wall Street began to erode sentiment in the afternoon and the FT-SE 100 briefly moved into negative ground before picking up rapidly

one of the big investment banks had raised between £5bn and £8bn on Wednesday and that the money would be used in helping to finance a big FT-SE 100 takeover bid >

Putting two and two together sible takeover stories of recent months and came up with Zeneca, which has been linked with stories of bids from Glaxo Wellcome, SmithKline Beecham and big continental drug groups, including Hoechst and Bayer. Gains in the three big UK drug

stocks, Zeneca, Glaro Wellcome

campaign, which begins on

Monday, and that the fall in

many stocks on the

announcement provided a

believe that the price war

would be as aggressive as

last year when hard lessons

while J Sainsbury, which

was said to be not as robust

as some of its competitors.

The retail sector benefited

British Industry reporting a

surge in British retail activ-

ity in August. Among the

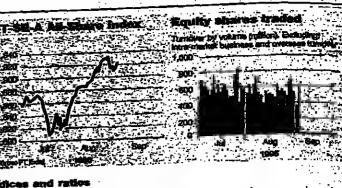
fell 21/4 to 3751/sp.

One said that he did not

buying opportunity.

and SmithKline accounted for no less than 10.3 FT-SE 100 points. There was a measure of disappointment with the level of turnover in equities, which came out. at 661.3m shares at the 6pm count. Customer business on

Wednesday was worth £1.55bm. Even without the takeover stories, senior traders are bracing themselves for a big day in the market; "It could well be e 100point day in London and in Wall Street, on the upside or the downside, depending on the employment numbers," said one. head dealer. "And if we get a big bid, it will be even hotter,"



ridices	and	retios	•

ices and ratios	
SE 100 3887.2 +14.5 SE Mid 250 4406.7 +0.7 SE-A 350 1945.2 +5.8 SE-A All-Share 1922.55 +5.45 SE-A All-Share yield 3.84 3.85	FT Ordinary index 2801.1 FT-SE-A Non Fins p/a 17.46 FT-SE-100 Fut Sep 3890.0 10 yr Gilt yield 7.91 Long gilt/equity yid ratio 2.14
nt performing sectors harmoceuticals	Worst performing sector 1 Textiles & Apperel

III FT-SE 100 INDEX PUTURES (UFFE) 525 per full index point

III FT-SE MID 250 INDEX FUTURES (UFFE) £10 per tuli index point

THE THE 100 SHOEK OFTION (LIFFE) ("3885 ) \$10 per full index point

EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) \$10 per 1

+5.0 4405.0 4400.0 +25.0 4460.0 4435.0

FUTURES AND OPTIONS

3700 5780 5600 365 C P C P C P C P C 186 2½ 146½ 4 188 ½ 60 205 12½ 160 18½ 118½ 25 84½ 22½ 24½ 18½ 23½ 1442 45½ 111 266 37½ 28½ 39½ 49 173 51½ 146½ 316 105½ 255 138

Paper: Pokg & Print

LOW

TRADING VOLUME

-7.91 2.14

# Bid talk lifts Zeneca

By Joel Kibazo and Lisa Wood

In the last hour of trading, shares in pharmaceuticals giant Glaxo Wellcome and those of Zeneca moved sharply ahead as talk of a hid from the former for the latter spread through the market.

By the time the seesion drew to a close, shares in Zeneca had raced 43 ahead to a record 1,587%p, after trading 2.9m, while those in Glaxo had improved 211/4 to 9361 = p. in volume of 5.3m.

Dealers suggested general sentiment was enhanced by the overnight strength in US pharmaceutical stocks while individually Zeneca was boosted by news that a subsidiary had received approval from Canada's Health Protection Branch for its breast cancer drug Arimi-

The treatment reduces side effects for patients with in the options market in odvanced cases and a Bass, which fell 14 to 801p. spokeswoman for the company said the drug had a potential market of 20,000 that it could fall as low as patients in Canada.

The positive sentiment in the drugs sector as a whole soon spread to other stocks. They included SmithKline Beecham where the shares put on 191/2 to 766p.

Shares in generator number of pub companies National Power fell 71/4 to

386%p, after e broker turned negative on the stock. In a review on the pros-

pects for several energy stocks in the period beyond 1998, analysts at Kleinwort Benson downgraded their recommendation on National Power from "hold" to "sell". The team at Kleinwort Benson believes the period after 1998 will be marked by increased competition and suggests National Power will be unable to maintain current earnings or grow the dividend. For those wishing to invest in e generator, the team suggest switching out of National Power and into PowerGen, explaining, "It is better placed to meet the challenges of the time." PowerGen shares eased a penny to 494p. The government sold its residual stake in National Power, some

28.5m shares on Tuesday. A two-way pull in British Energy left the sharee unchanged at 98%p following trade of 2.2m. In the same review, Kleinwort Benson reiterated its "sell" stance on the stock suggesting it too faced e hleak future in a more competitive environ-

There was heavy trading with some traders understood to have taken the view 750p. This is because of concerns that its acquisition of Carlsberg-Tetley could be referred to the Monopolie There was atrong argu

and Mergers Commission. ment in the market that a

will benefit from increase

consumer spending on AWPs, or fruit machines, which have been allowed recently to increase their pay-outs. Fruit machines can contribute more than 20 per cent of a managed pub's profits J.D. Wetherspoon. which said at its final results earlier this week that income from gaming machinas was growing,

added 7% to 990p. Grand Metropolitan hardened 41/2 to 4731/2p following the announcement of the sale of its Erasco food business in Germany, Analysts welcomed the move because they said that Grand Metropolitan was not a big enough player to survive in that sector in the long term.

A number of food retailing stocks recovered with analysts adopting the view that there had been an over-reaction to the announcement by Tesco of its new cost cutting

Total Control	Sep 5	Sep 4	Sep 3	Sep 2	Aug 30	Yr ago	THigh	"Low
Ordinary Share	2801.1	2796.0	2786.7	2807.7	2797.3	2653.7	2685.2	2666.8
Ord. div. yield	4.05	4.08	4.08	4.05	4.06	4.04	4.22	3.76
P/E ratio net	17.02	16,99	16.89	17.02	16.96	15,94	17.25	15.80
P/E ratio nit	16.86	16,83	18.79	16.86	16.80	16.75	17,03	15.71
Ordinary Share inde	x gince co	mp milon:	nigh 2885.	2 19/049	B; low 49.4	26/06/40	Bese Dut	s: 1/7/36.
Ordinary Share	hourty	change						

Open 9.00 10.00	11,00	12.00	13.00	14,00	15.00	16.00	High	Low
2795.2 2800.9 2796.3	2802,1	2807,2	2806.3	2798.3	2796.5	2800,1	2808.0	2794.6
	Sep	5 _ S	8p 4	Sep 3	Sep	2 A	ug 30_	Yr ago
SEAQ bergains	33,36	39 3	1,204	29,984	27,3	95 3	31,732	27,484
Equity turnover (Emit		- 10	552.5	1906.7	92	2.2	1547.0	21764
Equity bargains†		- 30	2,646	32,889	31.0	41 5	5.417	46,966
Shares traded (milit		- !	552.1	590.3	36	9.2	521.7	1116.8

Sep 5 Sep 4 Sep 3 Sep 2 Aug 30 Yr ago 14gh "Low 108640 108740 107180 108370 108240 - 114840 98570

Risse and falls"		32 Week big	he mid lowe	LEFFE Equity or	dione
Total Rises	538	Total Highs	68	Total contracts	28,430
Total Falls	478	Total Lows	. 34	Calis	14.969
Same	1.658	,		Puts	13,461

Spencer, which added 9 to 4951/p and Next which advanced 8 to 572%p. Dixons added 10% to 542p following its agm, where like-for-like sales were said to be botton than expected. A number of analysts increased their forecasts including UBS which

been learnt. "Retailers increased its full year estihave to give the impression mate from 180m to £190m. to their customers that they Hillsdown fell 4% to 1800 are providing value for despite interim results in money but they must also line with expectations. Some analysts were reported to be disappointed that the new satisfy their shareholders." Tesco, which climbed 6 to 297p and Safeway, up 6% to chief executive had not 329% n. were also buoyed by made any announcement about the future structure of positive reports from AGB

the group. Granada, which was adversely affected by the conflict in the Guif, recovered 8 to 864%p following the announcement of the sale of from the Confederation of its Spring Grove Services to the Davis Service Group for

£136.5m. The disposal, which is a step in the concentration within Granada on substantial core husinesses, was approved by analysts who said that the price was higher than expected and reflected well on Granada's ability to sell businesses. Forecasts however were unchanged.

Airtours added 10% to 610p on the back of the latest advance booking figuree which show them going well. Analysts tweaked forewards forecasts for Royal Doulton after better-than-expected results, in part due due to a turnaround of Japanese operations. The china maker edvanced 10 to 295%p A scramble for stock in Lasmo saw shares in the group rise to the top of the list of the day's best per-

ahead at 202%p. Dealers suggested the demand for stock followed an overnight switch by one investor from Enterprise Oil into Lasmo. The investor

1 1 - SE Actuaries

formers. They closed 61/4

was said to have acted through Kleinwort Benson Shares in Enterprise fell 8% to 520p. Volume was 1.4m. Among engineering related stocks, Rolls Royce continued to be powered by the flow of new orders. The shares gained another 5 to 235p in hectic trading that brought volume of 13m., after announcing it had won new engine husiness worth up to

\$500m from Condor, a sub-

sidiary of Dentsche Luft-

Uncertainty about newly announced board changes. together with a broker'e downgrade combined to hit engineering group Vickers which reported figures yes-terday. The shares tumbled

LONDON RECENT ISSUES: EQUITIES

FT GOLD	WILL	153	IMP				_	_
	5ep 4	% chg	Sep 3	Year	Groun the	P/E ratio	High	Lunar Lunar
Gold Wines Index (30).	2042.05	-0.1	2045,75	1991.43	1.53	-	2520.78	1722.9
nt Replaced Indices								
Africa (13) Australiana (6)	2095.89 2268.94		2092.87			37,79 22.34	3563.86 2827.34	
North America (11)			1830.76				2186.38	

A	Sep 5	Day's chga%	Sep 4	Sep 3	Sep 2	Year	Div. yleki96	Net	P/E ratio		Total Return
FT-SE 100	3887.2		3872.7			3545.6		2.07			1610.14
FT-SE Mid 250	4406.7	,			4414.0						1784,78
T-SE Mid 260 ex Inv Trusts	4446.1				4451.6			1.67			1804,17
T-SE-A 350	1945.2				1944.8						1645,44
T-SE-A 350 Higher Yield	1855.8		1852.2					1.88			1320.01
T-SE-A 350 Lower Yield	2042.4		2033,9					2.17			1424.00
T-SE SmallCap	2167.00		2184.75					1.64			1790.0
T-SE SmellCap ex liny Trusts	2164.08		2161.29					1.72			1799.25
FT-SE-A ALL-SHARE	1922.65		1917.11	1006.69	1922,02	1749.61	3.84	1.96	16.59	62.41	1650.84
I IT-SE Actuaries A	f-Shar										
		Day's		_		Year	Ofv.	Not		Xd adj.	
	Sep 5	chga%	Sep 4	Sep 3	Sep 2	<b>80</b> 0	ylold%	COAGE	mile	yed	Floturn
10 MINERAL EXTRACTION(24)	3686,60		3679.61					1.63			1584.92
12 Extractive Industries(6)	4252,29		4288.19					2.52			1251.31
15 Oil, Integrated(3)	3773,99		3761.24					1.48			1676.40
18 Oil Exploration & Proof(15)	2714.76	+0.4	2703.07	2717,01	2706,55	2082.63	1.93	1.58	41.06	34.94	1635.07
20 GEN INDUSTRIALS(274)	2055.56	+0.1	2052.52	2038.11	2048,56	2008.72	4.22	1.81	15.37	57.77	1134,92
21 Building 8 Construction(34)	1162,89	+0.2	1161.11	1157.37	1162.39	958.27	. 3.57	1.57	22.37	23.17	977.41
22 Building Matts & Mercha(29)	1926,34	+0.3	1922.71	1911.11	1922.59	1806.37	3.98	1.71	18.37	48.45	981.60
23 Chemicale(25)	2436.93		2437.36	2422.70	2421.74	2508.70	4.15	1.61	18.71	77.61	1170.68
24 Diversitied Industrials(18)	1557.85		1552.87				6.70	1.64	11.41	62,91	683,23
25 Electronic 8 Elect Equip(36)	2367.32		2353.51				3.29	1.54			1245.01
26 Engineering(71)	2536.02		2529.31					2.49			1553.18
27. Engineering, Vehicles(14)	3105,26		3121.33					1.98			1631.61
28 Paper, Poleg & Printing(28)	2684.27		2699.22				3.85	1.57			1128.47
29 Textiles & Apparel(19)	1240,33	-1.3	1263,00	1247.05	1254.87	1036,91	5.69	1.53	14.49	43,62	770.24
30 CONSUMER GOODS(81)	3695.63		3651.04					1.93	16.76	116.76	1386.30
32 Alcoholic Beverages(8)	2867,35		2853.36					1.62			1048.40
35 Food Producers(24)	2556.33		2551,68				4.10	1.90			1166.09
34 Household Goods(15)	2689.86		2641.85					2.25			1033.27
38 Health Care(20)	2038.17		2045,49					2.19			1246.57
37 Pharmaceuticals(13) 38 Tobacco(1)	3705.01		5480.93				3.01 7.07	2.08			1932.98
		_	3731.42								954,35
40 SERVICES(262)	2567.88		2560.35				2.87	201			1349.71
41 Olstributora(31)	2876.90		2878,87								1069.86
42 Leisury & Hotels(24)	3219.35		3205.00					2.02			1741.09
43 Media(45)	4300.12		4364.29					2.01			1693.24
44 Retailers, Food(14) 45 Retailers, General(44)	2156.14		1934,09 2135,93				3.93	2.36			1254.95 1244.34
47 Browerles, Pubs & Reet (23)	3141.46		2135,93 3157,58				3.25	1.98			1244,34 1522,76
48 Support Services(49)	2481.04		2473.86				1.93	2.30			1585.B4
49 Transport(22)	2408.76	+0.3	2406,94				3,92	1,58			1017.38
60 UTILITIESES	2323.38	_	2323.04			_	5.53	1.89			1034.50
62 Electricity(11)	2381.28		2391.87				6.82	2.40			1259.45
64 Gas Distribution(2)	1361,08		1364,28					1.36	10,48	86,67	713.90
86 Teleogramunications(8)	1970.48		1966,93				4.09	1.53	19,95	50,32	915.25
68 Water(11)	2245,39	+0.2	2241,11	2232.66	2241,25	2081.85	6.12	231	8,81	94.85	1269.92
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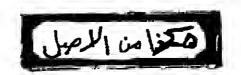
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Have your FT hand delivered in the edge over your competitors by having the Financial Timeses are available for	mes delivered to your home or all subscribers in the business	Committee   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.55   1.
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# **Employment** figures hit bonds, shares

### Wall Street

Rising bond yields led US shares to modest losses as investors in both markets anxiously awaited today's release of data on August employment levels, writes Lisa Bransten in New York

At 1 pm, the Dow Jones Industrial Average was off 23.31 at 5,633.59, the Standard & Poor's 500 was 3.48 lower at 652.13, and the American Stock Exchange composite fell 1.97 at 559.31.

### **NYSE** volume



NYSE volume was 205m

Bonds exerted some downward pressure on shares as news that first-time claims for unemployment benefits fell by 15,000 last week, causing some speculation that today's figures on August employment might be stronger than the markets had expected. By early afternoon the long bond yield bad climbed to 7.138 per cent .

The technology-rich Nasdag composite was 8.04 stronger at 1,135.78 and the Pacific Stock Exchange technology index was 1.2 per cent lower. Semiconductor companies were particularly weak. Intel, the largest chip at \$30%, Applied Materials ond quarter results.

### rola dropped \$1% at \$51%. Computer makers were also lower with Compaq off \$2% at \$54%, Dell Computer \$21/4 weaker at \$66% and

Gateway 2000 losing \$34 at Campbell Soup jumped \$4% or 7 per cent at \$72%. After the market closed on Wednesday the soup company announced a 26 per cent increase in earnings for the fourth quarter and said that it bad agreed to buy

Kellogg, the cereal company, lost \$1% at \$67 after putting out a profit warning late on Wednesday.

Germany's largest soup com-

Several retailers lost ground after reporting disappointing August sales figures. Sears Roebuck, which is a component of the Dow, shed \$% at \$44 after reporting 4.4 per cent growth in same store sales. The Gap lost \$5% or 16 per cent at \$28% on news that same sales were flat last

### Canada

Toronto made a slow start, mirroring quiet trading on Wall Street, Declines comfortably outnumbered gains in early trading but the TSE composite still edged 0.32 higher to 5,164.09 at noon.

The best action of the morning centred on the high tech stocks like Newbridge Networks and Northern Telecom. Newbridge jumped C\$2.60 to C\$85.40 in the first couple of hours, and Nortel gained C\$1.05 to C\$69.85 after the securities house, Morgan Stanley, initiated coverage with an outperform rating. Berna Gold was among the

most active stocks, adding 50 cents to C\$10.40. The retailer, Dylex, improved six maker in the world, lost \$11/4 cents to C\$2.75 following sec-

# **BA** awaits summit news

midsession as investors the trades unions. awaited news from a ruling Peronist party summit meeting. The Merval index was 1.55 bigher at 518.08.

from President Carloe losses. Menem to win the support from the wbole of the party to support measures in congress to light the fiscal deficit. A tax package, launched

Buenos Aires edged ahead at ised to fuel opposition from MEXICO CITY reversed

early losses after rebounding at its psychological support level of 3,300 points and Analysts noted a show of receiving a lift from US strength would be needed stocks that pared early

The IPC index was up 13.01 at 3,343.00 at midsession. The bolsa slumped to a low of 3,314.69 points in early trade due to a bearish tone by the government last on Wall Street, and apside month, still awaited debate pressure on US long bond in congress while a planned rates following lower than

### S Africa industrials ahead

FT/S&P ACTUARIES WORLD INDICES

203 57

267,22

313.27

Jobanneshurg's industrial shares picked up after e slow start to end firm on futures-led trade. Golds, bowever, failed to shine as they tracked a lower bullion R3.25 to R279.75, De Beers price and ignored a further slide in the rand which, analysts noted, usually traus-lated into higher earnings cents to R125.25.

The overall index was up 17.7 to 6.789.6 points, industrials rose 26.7 to 7.970.3 and golds fell 5.6 to 1,796.8.

Australia (78) ..

Geneda (118

Japan (481)\_.

Switzerland (37). Theiland (45).....

Nordic (137).

Pacific Basin (878)... Euro-Pacific (1584) .. North America (743) .

The World Index (2418) ..... 208.35

Among golds, Vaal Reefs went against the trend, gaining R4.50 to R392.50 in light turnover.

Anglo American gained rose hy a more subdued R1.25 to R140.00 and South African Breweries gained 50

Sasol added to its recent string of gains, rising 50 cents to R52.25 while its fellow oil refluer, Engen, lost

| Sterning | Yen | DM | Cyrrency | Friedex | Index | I

231.72 168.12 188.55 205.75
202.64 147.03 164.88 163.74
296.69 215.26 241.41 268.89
148.28 107.57 120.64 108.62
170.79 123.92 138.97 137.57
247.10 179.28 201.08 290.27
182.09 152.11 148.10 158.20
172.34 125.04 140.23 142.39
194.01 140.76 157.86 173.01
230.98 167.59 187.95 229.58

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0.3 197,32 143.16 160.56 178.26 0.2 2.19 907.68 196.38 143.47 160.27 177.92 214.95 188.67 189.75

# Paris investors turn their backs on bad news

Special situations continued to lift PARIS, with investors calmly turning their backs on recent dull economic news and the preseures

besetting the franc. At the close, the CAC-40 stood another 11.46 higher at 1,996.23. Volume, still seasonally sub-average, showed signs of improving, and there was support from the futures market where trade in the September contract was said to have been brisk.

Among leading etocks, Danona jumped more than 4 per cent, rising FFr29 to FF1721 on the back of top-ofthe range interim results. Societé Generale moved from hold to buy on the shares. Lagardere, tipped in the French press as front runner to win any eventual hid auction for Thomson-CSF, gained FFr3.90 to FFr121.60.

Elf produced solid results, but fell back on profit-taking and concern that the government is shortly to place its 10 per cent stake in the company. The shares came off FFr3.10 to FFr379.40. The interim results from

Valeo were equally upbeat, and there was further speculation about the future ownership of a 28 per cent stake in the group held by the company, Cerus.

FT-SE Actuaries Share Indices Open 10.30 11.00 12.00 13.00 14.00 15.00 Close FT-SE Feedback 100 1636 57 1636 30 1636 05 1636 06 1636 06 1636 07 1636 03 1636 85 Sec 4 Sec 3 Sec 2 Aug 30 Aug 29 1630.88 1703.67 1640,35 1712,88 1642.17 1712.35

FFr262.50. Cerus, where broker estimates of net asset value range above FFr130. surged FFr11.30 to FFr109.80. FRANKFURT came off the bottom late in the day as it

digested higher than expected second quarter economic growth, a rise in German unemployment and a modest rise in domestic bond prices. The Day index closed 6.37 higher at 2,532.55, after 2,523.50, turnover easing from DM4.7bn to DM4.5bn.

SKW Trostberg led the Ibis list, the speciality chemicals group rising DM1.48 or 3.6 per cent to DM41.98 as its chairman said that he was aiming for a 10 per cent profit margin on sales. Schering pnt on DM1.65 at DM109, perhaps reflecting a programme of investor relations meetings in the US. On the downside, Deut-sche Morgan Grenfell down-

graded its recommendation

Telegraph and Telephone rose Y15,000 to Y802,000.

DDI, the long distance tele

com operator gained Y22,000

Overseas investors and

domestic institutions bought

large capital steels and shipbuilders. Kobe Steel rose Y5

to Y290, Mitsubishi Heavy

Hitachi Zosen Y9 to Y540.

Sumitomo Metal Industries

however, fell on profit tak-

ing, declining Y3 to Y311.

dustries Y14 to Y878, and

Among speculative favour-

ites, TYK, the firebrick maker, rose Y150 to Y1,760.

Mitsui Matsushima by Y25

to Y715 and Daido Steel Sheet by Y90 to Y1,500.

refiners and distributors

after the rally in crude oil

prices triggered by the US missile attacks against Iraq.

and Nippon Oil Y7 to Y672.

In Osaka, the OSE average rose 181.30 to 21,462.08 in vol-

ume of 76.8m shares. Murata Mfg, the machinery maker,

was hit hy reports of lower

than expected interim earnings. The stock fell Y130 to

Y3,750 on foreign selling.

Roundup

| Dollar | Sterling | Year | Index | I

244.25 231.00 186.77 186.53 205.44 252.43 211.23 211.23 212.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 252.24 25

Profit taking hit some oil

Bangkok SET

Valeo rose FFr4.50 to for Preussag shares from neutral to underweight, having reduced its earnings forecasts from DM23 to DM18 a share for the current year to September 30, and from DM27.50 to DM21.40 for 1996-97. The shares fell DM7. to DM349.

MILAN remained transfixed by the unfolding Olivetti drama as Cir, Mr Carlo De Benedetti's holding company, tumbled L51.8 or 6.9 per cent to L695.2. Olivetti was suspended pending a meeting between the bourse authorities, company officials and the former director general, Mr Renzo Francesconj who resigned on Wednesday after he cast dbuhts on the company'a half year results, released

Mr Michael Gent Eggett at Credito Italiano commented that Mr Francesconi "appears to have let the genie out of the bottle. Oli-

heen, strong enough to develop a business in telecoms. The current business just cannot afford to finance the future business."

The broad market was weak. laaving the Comit index 6.75 down at 581.76. Stet. however, added L54 to L4.765 after IRI approved the spinning-off of its yellow pages publishing subsidiary. ZURICH edged lower

ahead of today's US economic data and the SMI index fell 7.1 to 3,627.1. Roche certificates which lost ground on Wednesday after a Merrill Lynch downgrade. remained under pressure, falling SFr65 to SFr8,975. Recurring speculation

about a link-up drove-Elektrowatt SFr7 higher to SFr491 and Motor-Columbus up SFr70 to SFr2,510. Sulzer registered eased a further SFr6 to SFr722 as

company's cautious outlook continued to nverride ebarply higher first half AMSTERDAM traded narrowly in thin volume with

most investors content to run level books ahead of today's US jobs data. The overall trend was modestly upwards with share prices

**Portugal** 

index and share prices rebased

showing a mixed tendency. The AEK index ended off

1.08 points at 553.08. The supermarkets group, Ahold, improved 30 cents to Figs.30 after solid interims. Profit-taking in oils saw Royal Dutch give up F1 1.50 to FI 255.10.

STOCKHOLM featured a machines division and the drop of SKr40 to SKr270 in Sintercast which took shares in the company, which had developed a system for casting car engine blocks, to less than half of its peak on May 28; brokers said that the company was heavily weighted in one of the three Deutsche Morgan Grenfell funds which were suspended temporarily earlier this

week, and that fears bad arisen that the fund might now sell its holding.

The Affarsvarlden General index rose 7.7 to 2,019.3. LISBON registered its second successive all-time high, taking the BVL 30 index through the 2,000 barrier to

close 11.95 higher at 2,000.52 The bourse was lifted by buying of Banco Comercial Portugues, Portugal'e big-gest private bank, up Esc37 at Escl.867, and the retailer, Jeronimo Martins, Esc400 higher at Esc14,600.

The duo agreed to launch a jointly owned private bank which would offer in-store financial services to customers in JM hypermarkets and supermarkets.

In addition, the engineering group, Engil, lespt Esc72 or 5.2 per cent to Esc1.463 as it recovered a rise in orders from Esc75bn to Esc92.7bn at

June 30 last. MADRID's Gas Natural took annther heavy loss, Ptal,540 down at Pta20,040 for a two-day loss of 16.4 per cent after modest gas price incraases suggested tougher regulatory stance hy the government. The general index fell 12.89 to 3,953.33.

Written and edited by William

# Default rumours push Bangkok into 2.6% slide

Rumonrs of financial problems among a number of brokerage and financa groups left BANGKOK at a low for the year after charp falls during the afternoon

The SET index dropped 2.6 per cent with many finance based shares hitting 10 per cent daily limit lows. The index lost 27.06 et 1.022.68, down from 1,415 in early February, on unconfirmed rumours that up to four brokerage firms were facing problems from defaults by small investors unable to repay maintenance margin fees, Adkinson Securities fell Bt3 to Bt27.25.

### Tokyo

Equities resumed their recovery as domestic institutions, including pension funds and state-run postal funds, bought into a broad range of issues, writes Emiko

The Nikkei 225 average closed 177.95 bigher at 20,379.82 after moving between 20,214.93 and 20.487.24. Domestic institutional targets included steels, shipbuilders and electricals, and there was active huying of speculative favour-ites by individual investors.

Volume totalled 343m shares against 255m. The Topix index of all first section stocks rose 16.81 or 1.1 per cent to 1,557.80 and the Nikkei 300 gained 2.63 to Fuji Kosan fell Y12 to Y490 289.64. Advances overwhelmed declines hy 870 to 213 with 145 unchanged. In London, the ISE/Nikkei

50 index rose 2.58 to 1,387.12. High-technology stocke gained ground with Hitachi up Y4 to Y991, Toshiba Y3 to Y700 and Fujitsu Y15 to Y999. In carmakers, Honda rose Y30 to Y2,560 and Mazda Y7 to Y513.

Telecommunications Heavy short selling left stocks returned to favour KARACHI 2.3 per cent down, after recent profit taking by a troubled economy, political overseas investors. Nippon unrest and the US attacks on

Iraq being hlamed as the at 6.304.96. Electronics con-KSE-100 index fell 31.98 to a tinued to draw buying internew closing low for tha year

SYDNEY closed narrowly weaker with the All Ordinaries index off 1.1 at 2,257.4 after downside pressure from index future BHP and CRA fell 15 cents

to A\$17.08 and 6 cents to A\$19.05 respectively. WMC lost 8 cents to A\$8.59 after cutting its final dividend. Boral gained 6 cents to A\$3.07 in spite of reduced cornings and a final payout reduced from 10 to 7.5 cents

TAIPEI shares rallied modestly and the weighted index ended up 76.13 points

tinued to draw buying interest. Acer was the most actively traded stock adding 20 cents to T\$39.9 as inves tors warmed to the news of a \$2bn contract to supply IBM Macronix gained T\$1.2 to T\$35.8.

HONG KONG turned its attention back to interest rates and the Hang Seng index fell 36.44 to 11,040.51 in turnover that edged down to HK\$3.5bn

Properties were weak with Sun Hung Kai and Cheung Kong each 50 cents lower at HK\$74.25 and HK\$54. In the banking sector, Hang Seng Bank fell 25 cente to

The Hang Seng China Enterprises Indax, which tracks the Chinese H class shares, ended 8.79 higher at 799.33 as Salomon Brothers cut its profits forecasts on three Hong Kong-listed H shares and maintained its underperformance stance on all the H shares.

SHENZHEN's local currency A shares index plunged 15.49 or 5.3 per cent to 276.50 with mainland Chinese investors said to be diverting funds out of south China to purchase Shanghailisted A shares.

The switch came as analysts reported that volumes of domestic A shares traded on Shenzhen during the

April to August period surpassed the level seen in Shanghai for the first time

in three years.
SHANGHAI'S A index fin-ished 2,606 higher at 852.083 after late profit-taking had pulled it back from 878.094. SINGAPORE saw strength

in blue chips which took tha Straits Times Industrials index up 15.86 to 2,110.34. SEOUL finished lower after a volatile session as feare of higher oil prices dampened sentiment. A day

earlier the market had been supported by confirmation of an expansion of the foreign shareholding limit, The composite index closed 4.50 lower at a provisional 787.14.

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Islamic

will not

conference

be banned

Britain's Foreign Office said

yesterday it had received complaints from four Middle

East governments over its refusal to ban a conference of Islamic fundamentalists due to be held in London this weekend.

Although ministers have

conference, they have told

Egypt, Algeria, Tunisia and Morocco that the event can-

The Rally for Revival, to be held on Sunday, is being

organised by a group advo-

cating the creation of a worldwide Islamic state and

the violent overthrow of the

governments of every country in the Middle East.

The event, which is to be

attended by 7,000 people at the London Arena, will fea-

ture videotape messages

from some of the world's

most notorious terrorists.

not legally be banned.

Political Corresponden

# Banks fail to back pro-European campaign

Robert Peston in Logdon

Maior banks declined to sign a letter to the Financial Times warning the government not to sign the cave in to Eurosceptic pressure to ticipate. rule out participation in a furo-pean single currency, it emerged

In the letter, published yesterday, the chairmen and chief executives of 15 large companies with tance. Abbey National suggest combined sales of \$150bn (\$234bn) the timing was unsuitable, while

warned that a decision new to Midland said it disliked becoming "There is suspicion that pressure stay outside a single currency involved in political issues, and is being put on the banks to keep stay outside a single currency would be "deeply damaging". However, although a number of big banking groups were asked to sign the letter, none agreed to par-

The groups concerned - which include Barclays, HSBC Midland, NatWest, Royal Bank of Scotland and Abbey National – offered different reasons for their relucBarclays argued that its key people were absent.

ael Cassidy, chairman of the polthe Corporation of London - the municipal authority - said: "We are interested to find out the reasons why the banks were reluctant to become involved."

quiet - particularly with the Target discussions at such a delicate Nevertheless, the silence left stage." Target will link high-value some observers puzzled. Mr Mich- national payments systems, like the UK's current Chaps or Gericy and resources committee for many's Eil-ZV systems if European monetary union starts in

1999. However, the banks were far from alone in their caution. The car manufacturer Nissan declined to sign the letter because Another banking observer said: it was too "narrow" in its focus.

tive of J.C.Bamford Excavators, and a Brussels-controlled busine Britain's biggest construction equipment company, said; "The letter [in yesterday's FT] was based on the false premise that if you are against a single currency you are anti-European. The people signing the letter were not repre-

sentative of British industry." Sir Stanley Kalms, chairman of Dixons, the electrical retailer, said he was "antagonistic" to a single currency. "The danger is that it

Mr Martin Coyne, chief execu- would lead to a federal Europe

Mr Andrew Cook, chairman of William Cook, Britain's biggest steel castings company, said: "Under current conditions, joining a single currency would be very silly. The signatories [of the letter] are not on the whole people fighting for market share across the coal face of industry."

months - they are very mod-

And with manufacturing

output still patchy, the CBI insisted that there was no

need to raise interest levels

from the current 5.75 per

cent. This advice appears to

have been heeded by Mr

# Factory ships' departure hits island economy

By James Burton Scottish Correspondent

Service of the

Pacific

The klondikers - factory ships from eastern Europe which bought catches of herring and mackerel - have disappeared from British waters, leaving a big hole in. the ipoome of bars and video shops in the Shetland Islands to the north of Scot-

There might have been about 40 klondikers at this time of year processing her-klondiker fleet is not bad ring in Lerwick Harbour, news for fishermen from end as many as 90 in autumn and winter han-dling mackerel. But no fac-tory ships have come this year, according to Ms Santion manager of Lerwick. The higher price of fish,

Harbour Trust.
The klondikers have gone. because their Shetland operation is no longer economic, ships as a result of reduced fish-a ing quotas, higher fish; prices and the onset of privatisation and market forces in eastern Europe.

, 7,000 people from eastern Europe - equal to the popul" now have to connete with lation of Lerwick – used to other foods in their domes-live for weeks on the tic markets. klondiker fleet in the part. The old days if the gov-bour.

Mr Drew Tulloch, a director of Hughson Brothers, one of Lerwick's main wholesalers, used to supply large quantities of vegeta- council.

Coopers

7 restaurants

& Lvbrand

other meat to the klondikers. "But we were always aware after the Berlin Wall came down that it was a bonus that wouldn't last."

Crews from the klondikers hought video recorders and televisions from stores in Lerwick, and sometimes second-hand cars. At weekends they crowded the town's

But the demise of the mainland because they are now getting better prices for their fish in Norway, Denmark and from local proces-

caused partly by reduced UK The klondikers have gone fishing quotas, has made after nearly 20 years herring and mackerel too expensive for the factory

> The klondikers' operation was becoming steadily less economic. The organisations in Russia, Poland, Bulgaria. and the Baltic states which operated them had mostly been privatised and fish

"In the old days if the government of the USSR decided to have mackerel, that's what people had to eat," said Mr Alwyn Bash-ford of Shetland Islands

The Joint Receivers, John Laurie and Frank Blin, offer for sale the business, assets and

undertaking of this long established quality high street bakery chain.

For further information, please contact John Lourie or Jim Kilcullen of Codpers & Lybrand; 68-73 Queen Street, Edinburgh EH2 4NH. Tel: 0131 226 4488 Ext: 3128 Fox: 0131 220 0145.

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CONTRACTS & TENDERS

tpa of white cement at Gotan, Rajasthan, India.

basis of the following main considerations:

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own-resources,

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OF A COMPANY ENGAGED IN MANUFACTURE OF WHITE

CEMENT AT RAJASTHAN The industrial Credit and investment Corporation of India Limited (ICICI), as the lead institution, invites offers for the sale/takeover/merger of e company with facilities for the manufacture of 80,000

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Shri S. Ragothaman Zonal Manager

Minimum reliefs/concessions from the iristitutions, banks,

ICICI reserves the right to accept or reject any offer without

assigning any reasons. Interested parties may submit their proposals not later than October 31, 1996, along with a non-

Corporation of india Limited

Principal features of the business include:

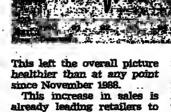
separate outside catering division

• turnover £16.8m with 938 employees

approximately 100 retail shops throughout Scotland

2 bakeries supporting the retail outlets

inflationary pressures. Yesterday's business survey from the Confederation of British Industry - the country's main employers' lobby - showed that retailers themselves were now reporting an acceleration in price increas



increase them further. This trend may be fuelled by the fact that the stock of goods held by shops is now lower

left retailers confident that they did not need to discount their goods as much

prices were now higher than a year before. The CBI

than at any point for four shrugged off suggestions that this trend could create higher inflation. Mr Alistair Eperon, chairman of the CBI's distributive trades panel, said: "These price

Kenneth Clarke, the chancelor of the exchequer, who did not change rates following his meeting on Wednesday with Mr Eddie George, Bank

of England governor In the furniture and carpet sector, for example, all the retailers surveyed said that sales had improved - while most also reported that prices were increasing.

tion to the improved outlook occurred in the motor industry. Less than half of motor traders told the CBI that they had experienced an annual increase in sales in

The Home Office said yesterday it had banned three people from travelling to the UK to attend the conferen Mohammed Hussein Fadlallah, spiritual leader of Lebanon's Hizbollab, and Mr Osama bin Laden, a Saudi who has called for a boly war against US troops in Sandi Arabia. A third exclusion order was placed on Mr Omar Abdul Rahman even

> World Trade Centre in New Mr Tom Sackville, Home Office minister, warned this week that the conference anyone inciting racial

though he is in prison in the

US for the bombing of the

hatred would be prosecuted. The British government strongly condemns any support for terrorism or calls for violence of any kind," he said. "The UK is second to none in its determination to fight terrorism."

The stirring up of hatred inside Britain is illegal, but incitement to racial violence against people overseas cannot easily be prosecuted.

# Retailers report good news from the tills

Business conditions in shopping centres are more upbeat than at any point since the consumer boom of 1988, retailers have reported. . The surge in spending is welcome news for the gov-ernment, but, it may pro-voke concern in the Bank of England - the UK central bank - where officials fear thet a sudden surge in spending could unleash

In the CBI report two-

thirds of retailers said their sales were higher than in August 1995. Only one in seven said they were lower.

create more jobs: employment growth in August was at its highest level since

Retailers have also stepped up their orders - and plan to

as last year to attract busi-

Power utilities face extra competition signalled their intention to build power plants are Brit-

Karl Loynton 0171 873 4874

With the current level of.

of between 10,000MW and and a sharp fall in prices 14.000MW, industry analysts believe electricity prices could fall sharply in coming years. According to one industry observer: "With such levels of overcapacity and a diverse ownership of the plant adopting different

Increased competition will also hit the regional electricity companies, which entered into long-term, highpriced gas contracts, with the first wave of gas-fired power stations in the early These contracts were

could push it into a loss.

based on expectations of wholesale prices in the region of 2.8 pence a KWh and above. Over the past year wholesale electricity prices have averaged about

# **CONTRACTS & TENDERS**

### and activity or borrows saves BUSINESSES FOR SALE Melanie Miles 0171 878 3308 Fax 0171 873 3064

MANUFACTURERS OF BAKED GOODS: .

AND BAKERS CONFECTIONERY

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**Barbed Tape and Metal** Fencing Manufacturer

Telford

The business and assets of International Security Services Limited (In Receivership) are for sale. Key features include:

Architectural, security and barbed tape fencing production for UK and overseas. Main UK manufacturer of

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For further details contact the Joint Administrative Receivers, Roy Welsby and Duncan Swift, Grant Thornton, Enterprise House, 115 Edmund Street, Birmingham B3 2HJ. Tel: 0121 212 4000 Fax: 0121 233 9857.

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MANUFACTURING FACILITY The Joint Administrative Receivers of Newton Ica Cream Limited, Alan Thomas and Parcick Wadsted, together with the Directors of New England Foods Limited offer for sale an established loc cream magnificationing facility based in Newton Abbot, Devon.

Prechold factory site of LA acres, with appro-

 Freshold factory sate or 1.0 sates, was appropriate gross internal accommodation of 15,348 sq.ft. on ground floor and 2,362 sq.ft. on 1st floor.

 Factory fully fitted with cold store, internal drainage suitable for other food preparation uses. Significant levels of plant and equipment including

"HOYER" type KF1200 and KF1200X automatic

continuous ice cream freezing machines, the former complete with HOYER FF4000 fruit feeder. Interested parties should connect Alan Thomas at Kidsons Impey, 20-26 Consitor Street, London EC4A 1HY to obtain further of Telephone: 0171 405 2088 Fax: 0171 334 4741



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Legal Notices Please contact. Melanie Miles on Tel: +44 0171 873 3308 | Fax: +44 0171 873 3064

IN THE MATTER OF THE CYPRUS COMPANIES LAW CAP 113

PARANA

COPEL

**SALTO CAXIAS** HYDROELECTRIC POWER STATION INTERNATIONAL COMPETITION C-225 **ELECTROMECHANICAL ERECTIONS** DELIVERY DATE POSTPONEMENT

COMPANHIA PARANAENSE DE ENERGIA - COPEL, Informs that the delivery date of the instructions to Bidders and the Contract Docu referring to international Competition C-225 was postponed to October 07.

1998 at 2:00 P.M., at COPEL's office meeting room, in Curities, at 233 Voluntários de Pátrie Street, ground floor, in the State of Parané, Brazil.

### gas-fired power stations have en received since March

among

Competition

By Simon Holberton

electricity generators is set to intensify as the number of. power stations planned for construction reaches its highest level since privatisation of the industry in 1991. Twelve applications for

by National Grid Group, which operates the high-voltage transmission system in England and Wales. They

output of 6,500MW. . .....

This fresh "dash for gas" would result in the largest single addition to the grid since, privatisation, and would supply more than 10 per cent of existing capacity in England and Wales. . . . However, industry execu-

tives cautioned that not all applications would lead to stations being built, especially if the price of gas rises. But others said the level of applications underlined the strong interest in the UK market shown by would have an aggregate independent generators.

ity, at Hull in north-east England, and British Energy, the nuclear utility, which wants to build a gasfired power plant at its Heysham site in the north-west most of this plant is. planned to be commissioned in 1998 and 1999 and appears to be directed at the opening up of the household market

ish Petroleum in partnership

with Entergy, a big US util-

to competition in 1998. Among those who have overcapacity in generation wholesale price of electricity

9

9

trading strategies, this is leading us to a situation where a price war looks inevitable."

This is bad news for existing generators, especially British Energy. Its profitabil-



# TENDER NOTIFICATION FOR LEASE OF ADVERTISING SPACE AT MALE' INTERNATIONAL AIRPORT

1. The Maldives Airports Authority of the Government of the Republic of Maldives wishes to lease the Advertising space, as detailed in the Tender Documents from Male' International Airport.

2. The Lease period would be 5 years from 1st Day of November 1996.

3. Tender Documents indicating full details of the Advertising Space are available from the Administration Building of Maldives Airports Authority at Male' International Airport on Payment of US\$ 150.00 (United States Dollars One Hundred and Fifty only) on any working day between 0830 hours to 1400 hours, up to 25th Day of September 1996.

4. Tender Documents duly completed in all respects should reach the Administration Building of Maldives Airports Authority at Male' International Airport latest by 1200 hours on 30th Day of September 1996 by registered post or courier or shall be submitted by hand. The tenders shall be opened at 1300 hours in the presence of interested tenderers or their authorised representatives at the same venue on 30th Day of September 1996.

5. All Tender Documents are to be placed securely in an envelope. The envelope should bear the name and address of tenderer and should be sealed property and prominently marked "TENDER FOR ADVERTISING SPACE". All tenders have to be addressed to:

THE MANAGING DIRECTOR, MALDIVES AIRPORTS AUTHORITY, MALE' INTERNATIONAL AIRPORT, REPUBLIC OF MALDIVES.

6. The Maldives Airports Authority reserves to itself the right to reject any or all the tenders without assigning any reason thereof and to call for any other detail or information from any of the tenderer(s).

7. For further information please contact: Tel: ++ 960 32 3508 ext 379 Fax: ++ 960 32 5034. Tix: 66123 MAA MF

**LEGAL NOTICE** 

CYPRIS COMPANIES LAW CAP 113
NOTICE 13 HERES Y GIVEN that the crackion of the above-ensured company which is being voluntarily wound up are required on or before the 6th day of October 1996 to send in their full names, their addresses and descriptions, full particulars of their theirs or chima and the names and addresses and descriptions, full particulars of their theirs or chima and the names and addresses of their soliciton if any) to the underdugated Mr Dienas of Papadopoulos, FCA, of Julia House, 3 Th. Devris Street, PD Bert 612, CY, 1791 Niccosa, Cypran, the liquidator of the taid company, to come in and prove their said other or channel at such notice, or m definis thereof they will be excluded from the benefit of any distribution made bafore such chees are proved.

Deated this both day of September 1996

All other provisions of the instructions to Bidders remain unmodified









refused to say how the deal

was struck. It appears that

whila England is to be

allowed back into the Five

Nations: the details, and in

particular the financial

details, will have to be

ish Sky Broadcasting is

legally binding, and it may

now have to make part of its

287.5m "voluntarily" available to the Irish, Weish and

Scottish unions, which were

offered lower sums by

BSkyB. There is likely to ba

a further process of evalua-

tion of who should get what,

The RFU's deal with Brit-

worked out later.

Six projects have received Treasury

approval over the past year but a series of

ticking points - ranging from whether con-

tractors would assume risk for patient

usage of facilities, to whether the govern-

ment would honour the liabilities of trusts

which might go bankrupt - has meant that

not a single contract has been signed. Contractors are becoming frustrated. "It'e

been longer, more expensive and more diffi-

cult than we expected," said Mr Mike Lay-

cock, chairman of Taylor Woodrow Con-

struction, preferred bidder on four schemes worth £220m in total. "There's a good argu-

ment that the government should put in

Unions agree to discuss division of £87.5m BSkyB broadcasting revenue

# Historic rugby tournament saved

Raymond Snoddy in London

The Five Nations rugby union championship, the sport's oldest tournament. was saved yesterday when the English Rugby Football Union reached an agreement over the sharing of television revenues with its Scottish. Welsh and Irish coun-

terparts. The deal was reached at secret late-night talks at the headquarters of the International Rugby Football Board

It means England, ejected from the championship in

May wben it unilaterally signed an £87.5m (\$136.50m) be settled. deal with the BSkvB satellite television network, will be allowed back into the competition that has seen the five countries play each other annually since 1883. Mr Rupert Murdoch's News Corporation is the biggest stake-

holder in BSkyB. The settlement raised hopes that the separate row between the top 24 English clubs and the RFU over television money - which led to the clubs breaking away from the RFU last week and English international players boycotting a training ses-

sion this week - would also

"Resolving the Five Nations issue must belp in the jigsaw of problems that we face." said Mr Tony Hallett, secretary of the RFU. Lawrence Dallaglio, one of

the England players who stayed away from training on Wednesday in support of the clubs' demand for a bigger share of the RFU's television revenues, agreed tha pressure would intensify on the clubs and the RFU to reach an accord. "England players need to start preparing for the test against Italy in November," he said. impartial figure appointed by the four unions.

Whatever happens, BSkyB plans to show all Twickenham games live, including more frequent visits by the ton sonthern hemisphere teams such as South Africa, Australia and New Zealand. Other Five Nations matches might be shown live on terrestrial television, or at least

close to live. Considerable pressure from the clubs is believed to have been the catalyst for putting the Five Nations championship back together

no longer requires.

Hambros, the merchant bank which has been an

adviser on many other gov-

ernmant privatisations, is

another important member

Annington's chairman, Sir

Thomas Macpherson, has

impeccable military and

commercial credentials. He

war with the French and

Italian resistance move-

ments and went on to

become a director of Allstate

Reinsurance and Scottish

Concerns among military

rsonnel that their homes

refore unjustified. Service

are being sold to reckless

property developers are

families' homes will con-

tinue to be managed by the

Defence Housing Executive.

Profits are more likely to

arise by taking homes which

are surplus to ministry

requirements - 2,500 will be

handed over initially, with

more released later - and

either selling them or letting

them to civilians in the open

market. Annington Homes

fought in the second world

# appeals against office raid

By John Mason, Law Courts Correspondent

A member of the Palestine Liberation Organisation was possibly involved in the alleged frand and bribery scandal surrounding former Italian prime minister Mr Silvio Berlusconi, the High Court in London heard yes-

terday. The claim by Italian investigators was revealed by lawyers acting for Fininvest, the media business empire controlled by Mr Berlusconi. However, the PLO member was not identified or details of his alleged involvement

The Italian anthorities allege Mr Berlusconi faked the Fininvest balance sheets and made illegal payments to politicians. Both Fininvest and Mr Berlusconi deny any wrongdoing

Mr Berlusconi and his company were trying to have the court declare ille-gal the seizure from UK addresses of thousands of documents relating to their business activities. The 15 sacks of documents were seized in April this year in raids by the UK Serious Fraud Offics acting on behalf of the Italian authori-

Mr Berlusconi's challenge has meant the documents have remained in the UK since then rather than be passed to the Italian investi-

Miss Clare Montgomery QC, the lawyer acting for Fininvest, claimed the UK Home Office and SFO should not have co-operated with the Italian authorities since the alleged offences were political in nature

The Home Office denied the claim. Making illegal payments to politicians in return for favours was not a "political offence". it argued.

hearing adjourned after lawyers for both sides agreed insufficient court time was avail-able. The hearing will be re-David Wighton started on October 2.

Berlusconi UK NEWS DIGEST

# Rechem cleared for BSE work

The Environment Agency – the government's pollution watchdog - yesterday gave Rechem, the hazardous waste incineration company, permission to burn meat and bone meal arising from the government's controversial BSE cuil. This makes Rechem eligible to seek government contracts for the incineration of remains of cows culled as part of the drive to stamp out mad cow disease.

The government is looking for extra capacity to burn meat and bone meal to complement the capacity of incinerators that are specially licensed to burn animal waste. But the authorisation granted to Rechem is likely to trigger protests from environmental groups, which want only incinerators specialising in animal waste to do the work.

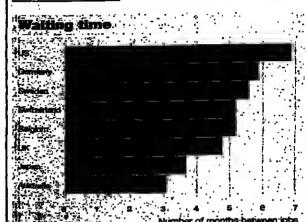
The Environment Agency said that such companies would not handle meat and bone meal from cows diagnosed as suffering from BSE. This would be handled only by incinerators already licensed to burn animal

### MAIL STRIKE

### Post Office monopoly restored

After a month'e suspension Mr Ian Lang, trade and industry secretary, yesterday restored the Post Office's monopoly rights to deliver mail even though its dispute with the postal workers union over pay and productivity remains unresolved. But he emphasised that, if further strikes disrupt postal services, he intended to suspend the monopoly again and allow private carriers to compete for another three months.

### **EMPLOYMENT**



# Redundancy longer in US'

British executives can be more hopeful about career prospects than many of their international counterparts, according to Drake Beam Morin, the outplacement consultancy. Its international survey of executives made redundant showed Britons took well under five months to get back into an appropriate job in 1995, but US executives took almost seven months. Japan and Germany also showed reduced periods for redundant executives to find

182 500

11.5

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kantangar

# Minister wins defence housing battle

Nomura-led consortium overcomes opposition to sale of military homes

sortium led by Nomura, the Japanese securities bouse, as preferred purchaser for 58,000 bomes owned by the British defence ministry is the final stage of a controversial pri-

Mr Michael Portillo, the defence eecretary, has battled hard to quell a revolt by Conservative backbench MPs opposed to the sale of the bomes, which are occupied by the families of mili-

In July Mr Portillo narrowly averted a House of Commons defeat by offering last-minute concessions to his opponents in the form of extra conditions on the prospective buyer and promising that £100m (\$156m) from the sale proceeds would be used to upgrade the estate. MPs in the governing Con-

servative party voiced continuing concerns over the deal when it was announced on Tuesday. Mr Cyril Townsend said: "I still strongly disapprove of the arrangements for the sale. Service families are by no means sat-

There was also opposition from organisations representing veterans of second world war campaigns in the Far East, Mr Arthur Tither-

Limited

For bospital managers, contractors and lenders, negotiating new projects under the which meet the specifications they initially British government'e private finance initiative in the health sector has been like navigating an uncharted river. No sooner is one obstacle dealt with than a bigger one

appears, Mark Suzman writes. The private finance programme te intended to secure from private companies the design, building, finance and operation of non-clinical functions in new hospitals needed by the state bealth eervice. The latest obstacle to hit the troubled programme

is the issue of affordability. Analysts warn that as many as 10 of the 24 projects worth more than £20m (\$31,20m) each already with preferred bidders from the private sector could suffer from a "funding gap". In other words the trusts which

Association said: "l am

almost speechless, it seems

to me at times that certain

senior members of the gov-

ernment bave no feelings

about the past. The Japanese

are succeeding to do with

money what they failed to do

Nomura's principal finance unit, led by Mr Guy Hands, has developed a for-

midable reputation in Lon-

with arms.

had won.

TUTURES-OPTIONS-FOREN

**24 HRS** 

ington, secretary of the Japadon for aggressive and innonese Labour Camp Survivors

Mr Hands joined the company in 1994 from Goldman Sachs, the US investment bank, where he was head of securitisation, a financing technique which involves repackaging cashflows in tha form of tradeable securities. The principal finance unit

But among rival bidders specialises in using Nomufor the £1.6bn privatisation ra's own balance sheet to there was no surprise that the Nomura-led group, known as Annington Homes, invest in deals where it can see the prospect of very high The acquisition of the mil-

itary homes is also likely to

be refinanced in the capital

markets. A long-dated secur-

widely anticipated in the

Bank of Scotland will provide loans to fund the initial acquisition of the estate. Amec, the construction

provide housing management and property develop-ment skills. This will be

some more money to ease the problem." £1bn - backed by rent paid by the defence ministry to tha Nomura consortium - is

> sterling bond market, While there is no doubt that Nomura provided much of the drive behind the bid for the military homes, it also gathered a formidable set of partners. The Abbey National bank and Royal

could well become one of the and engineering group, will UK's largest private sector itised bond issue of up to required to manage surplus

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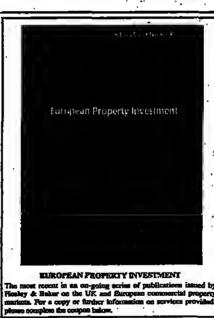
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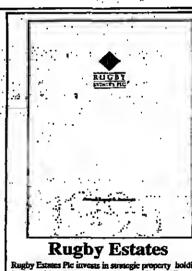
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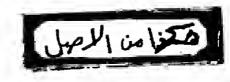
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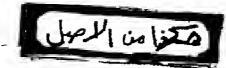
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# **MANAGEMENT**

an American banker investing in Russia. was temporarily stripped of his visa in June, a shudder ran through the foreign investment community in

Jordan had been hattling to exercise the rights of a shareholder group which owned 44 per cent of Novolipetsk Metallurgical Komhinat, a metals producer. The suspicion was that the shareholder battle and the decision to har Jordan from the country ware connected, although this has not been conclusively proved.

Scarcely a day passes without newspapers in Russia reporting a fresh conflict between a company's managers and its shareholders as the country collectively works out what the concepts of ownership rights and manage ment obligations really mean.

The struggle has reached a critical stage as Russian and foreign investors try to piece together coherent companies following the mass-privatisation programme. which tipped more than 120,000 enterprises into the malformed

There is a battle for control of assets being waged between property owners, shareholders and company managers." says Yev-geny Yasin, the economics minis-ter. "This is one of the most important processes under way in Russia.'

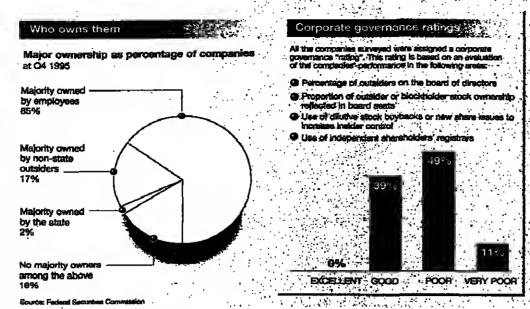
Jordan, who heads Renaissance Capital, a Moscow-hased investment bank says Russia has a wonderful opportunity to attract more foreign investment following President Boris Yeltsin's resounding re-election. But he believes it will only happen on a large scale if Russia develops the legal mechanisms and the political will to defend property rights.

With these elections Russia has bought itself a ticket to the global race for capital. But the question now is whether that ticket will he used or thrown into the garbage can," says Jordan, who was permitted back into the country last month. "Investors must be sure they own what they buy. Corporate managers have to understand that they are no longer owners hut employees."

The scale of the task is highlighted in a study of Russia's privatised companies commissioned hy the Federal Securities Commission, the industry regulator. The report's chief finding is

that 65 per cent of Russian companies are now owned by insiders, defined as rank-and-file workers and managers, who are frequently impervious to change. invariably, the workers are passive shareholders with little understanding of their theoreti- open and energetic while hob-

Inside Russia's new companies



Russian companies must recognise shareholder rights if they are to thrive, says John Thornhill

cal rights and almost no representation on company boards. Ownership by outside shareholders is also relatively small and fragmented and, if anything, on the decline. Only 17 per cent hy outside shareholders, who struggle to influence the way the enterprise is run.

Real corporate power has passed into the hands of industrial managers who operate with few checks. Some of them are energetically restructuring their husinesses for the benefit of all shareholders. But many others seem more inclined to entrench control and divert their company's cashflow into their own pockets rather than into invest-

ment projects or dividends. The architects of privatisation concede there was much inefficiency and unfairness in the original distribution of privatised assets, given the vast scale of the undertaking and the destruction of any sense of ownership after

But they believe the most effective means of ensuring assets are not squandered and that companies are run soundly is competition, which will encourage the

bling the lethargic and corrupt.

Maxim Bolko, the former head of the Russian Privatisation Centre, an advisory body, says further liberalisation of the economy will spur companies into restructuring their operations and raising outside capital.

"The most important thing the government can do to promote competition is to keep import barriers low. As long as Russia remains an open economy that will put sufficient pressure on domestic industry to restruc-

The evolution of powerful Russian investment hanks which have the money and the power to force through company restructurings, increased competition from a new generation of private businesses, and the lure of the capital markets which reward transparent management should also propel privatised companies in the right direction.

But many observers doubt that competition alone will turn the situation around quickly enough and are urging the government to take further measures to entrench shareholder rights more effectively.

The Federal Securities Commission is trying to push through

a series of laws and presidential decrees defining shareholder rights and making ahuses illegal. It is also encouraging investors to fight for their rights in the courts rather than complain to government officials.

There have been some euccesses. In a high-profile confrontation. Oneximbank, one of Russia's most aggressive commercial banks, successfully asserted its rights as a 38 per cent shareholder in Norilsk Nickel, the world's biggest nickel producer, and replaced an obstructive man-

The outcome was far from certain because the management put np a fierce struggle. But Oneximbank is a particularly well-connected bank which can call on more political muscle than most shareholders.

Other investors are unlikely to risk substantial amounts of money until they know they candefend their rights in the courts without recourse to ministerial

"The principal issue is that the rules of the game must shift to reward equity more than thievery," says one Moscow-hased and arduous fight."

# The pitfalls of an overseas posting

Expatriate managers should get a written promise of a job when they return, says Tony Jackson

eaders of the US business press these days might have noticed a curious paradox. Fairly regularly, articles appear on the topic of overseas postings for managers. Each time, the tone is not of encouragement but of warning. Go abroad if you must, runs the argument. It may not harm voor career, and might even belp it. But go for a year, or at most two. Stay closely in touch prospects on return. with office politics while you are away. Above all, get a written promise that there is a

joh waiting on your return. This seems clearly at odds with the fact that business is becoming steadily more global. It is also hard to reconcile with the fact that expatriate.

managers are rapidly growing in numbers, and therefore ought to be increasingly in demand.

There is a further paradox. According to a survey by the Conference Board\*, a New York-based busine

organisation, only 38 per cent of US companies give expatriates a written guarantee of a job when they return. Those who do come back subsequently quit their jobs at twice the average rate. But a clear majority of companies worldwide report that expatriate managers cost at least three times their domestic

In other words, companies know they must increase their international expertise, and spend heavily on it; but they are not capitalising on the results. Somehow or other, expatriate managers have become a

In the old days, it was different. Working as an expatriate manager was often a permanent career, from which

people returned only to retire. Now, the pace of change means expatriate postings will last four or five years at most. At the same time, the trend to dobalisation is running counter to that of restructuring and downsizing. Companies are expanding their numbers abroad, and cutting at home.

managers are competing for fewer and fewer jobs on their

Part of the problem also seems to result from inexperience on the part of both employers and employees, and can be tackled accordingly. In particular, the survey makes clear, expatriate managers regularly go abroad with an exaggerated idea of their

In reality, most of those who come back to the same employed find they have moved sideways at best. Most feel they have dropped out of sight while they were away, and that their international expertise is

Managers may see an international posting as a one-way ticket to oblivion

disregarded on their return. They miss the expatriate's typically higher standard of living, and the sense of importance which comes with running one's own operation abroad. In family terms, they find returning much more raumatic than going away.

Much of this is simply a fact of life. One obvious answer is for companies to be more candid with managers about the risk of going ahroad. Another is to give more thought to the manager's future while he or she is away. Too often, the survey sugges the job of handling expatriates is given to the personnel department; and nearly always. these are people who have never

worked abroad themselves. The better approach is for line managers to take direct responsibility for expatriates: ideally, in the formal role of mentor or sponsor. To the extent that this involves senior managers in yet more work, it may be resisted. For companies serious about globalisation, there may be no choice. The survey reproduces

guidelines for expatriates and their mentors laid down by 3M, the Minneapolis-based manufacturer. Both parties... must hold regular talks before the expatriate leaves, while he or she is away and on return. At the Swiss drug company

Ciba-Geigy, plans are under discussion to evaluate mentors performance as part of their wage package. Two broad conclusions suggest themselves. First, the problem of the expatriate manager is likely to become

steadily more acute. Second, it

is one which companies will .

ultimately be forced to address Some companies would dispute the first point. Over time, they say, they will reduce their expatriate workforce by substituting cheaper local talent. But that is only feasible where the company has built up expertise in the region and the market is sufficiently developed. The snag is that the main push to globalisation at present comes from new markets like China or eastern

Europe, where local talent is still in short supply. . As for the second point, the survey offers good evidence that for a truly global company, such as Shell - which laid down its policies for expatriates 20 years ago, the problem of the expatriate manager has been solved. Indeed, it suggests. internationalism is so ingrained in Shell managers that returning homa is often just one more global assignment.

dominant theme of the returning expatriate is failed expectations: or more bluntly. broken promises. If this persists, managers will come to see an international posting as. a one-way ticket to oblivion. In a world where international expertise is at an

In many other companies, the

ever-increasing premium, that is not a risk which companies can afford.

Managing Expatriates' Return: The Conference Board, 815 Third Ave. New York, NY 10022.

# to the top, start at the bottom.

The 1996 European Business Readership Survey is now out. Conducted by Research Services Limited (RSL) and in its 11th edition, EBRS '96 examines the reading habits and business activities of almost 370,000 decision makers in over 50,000 establishments across 17 European countries.

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This year, for the first time, the survey has lots of information about their Internet and other on-line usage.

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# THE PROPERTY MARKET

hen Mr Dieter Bock arrived on the UK corpoyears ago, he was variously described as mysterious, unknown and "the man who

came from nowhere" But while the UK busine establishment was taken off guard by his acquisition of a 19 per cent stake in Lonrho. the hotels to mining conglomerate where he is now chief executive, Mr Bock was a familiar figure on the

German property scene.

Advanta Management, the company he created and still controls, was one of Germany's higgest property developers in the 1980s. Until recently it also owned 50 per cent of the Kempinski luxury hotel chain and 10 per cent of Philip Holzmann, the

construction group.
Neither was Mr Bock unknown to the top managers of UK property compa-nies. In 1991 and 1992, when the market was in free fall, he was one of a handful of overseas investors in London with the aim of buying a

distressed company.
This select group also included Hongkong Land, the Keswick familycontrolled company which looked at buying a number of property companies before chosing Trafalgar House, another conglomerate.

Bock remains tight-lipped about which property com-panies he approached before deciding to take on Lourho. "Some of the people con-cerned are still around. It would be wrong of me to

say," he says. However, while the Keswick's involvement with Trafalgar House proved ill-starred - the UK company has since been acquired by Kvaerner of Norway - Mr Bock's investment in Lontho proved more successful.

acquired at prices of 85p and 115p. today have a market value of 177p. Like Mr Godfrey Bradman, the UK developer, Mr Bock's initial husiness career was

in tax planning rather than

His Lourho sbaras,

property development. After training as a lawyer and an accountant, he set up a tax consulting practice in Munich in the early 1970s. Property development was initially a means of sourcing tex-efficient investments in which his private clients could participate.

The relationship between tax and property has always

# A nowhere man arrives

Dieter Bock talks to **Simon London** about his career



Dieter Bock: familiar figure on German property scene

formed in the mid-1980s

Bock's property projects.

an umbrella company for Mr.

Advanta has never been

very large in terms of net assets, mainly because it has

realised development profits

rather than retaining

buildings to create an invest-

This financial style is partly dictated by Advanta's

status as a private company.

ance a property company by asking the shareholders for a

rights issue. In Germany this is not possible. We have

to manage our capital more carefully," he says.

1980s it generated a stream

When the Lonrho deal was

struck Mr Bock said that his

German property interests

would be sold within two to

three years to avoid any pos-

since been sold, Mr Bock's

Advanta Management

This reluctance to sell is

partly due to the poor state

of the German property mar-

property investor, he is

controlling interast in

remains undiminished.

Although the Kempinski

sible conflicts of interest.

of development profits.

ut while Advanta never had a large

balanca sheat.

throughout the late

"In the UK you can refin-

ment portfolio.

been unusually close in Germany. Private investors can benefit from generous depreciation allowances hy investing in property. New development offers the best tax breaks of all, so this is where Mr Bock concentrated his efforts.

The most obvious recent use of tax breaks to encourage development is in eastern Germany, where the federal government granted high depreciation allowances on new buildings.

This has led to severe overbuilding in cities such as Berlin where demand for commercial space has not kept pace with tax-driven supply. Rents and values are falling in many cities. Advanta itself has partici-

ated in the reconstruction of eastern Germany with projects in Berlin and Dresden. One of Bock's proudest achievements is the restoration of the ruined Taschenberg Palace in Dresden which has been turned from a ruined shell into a smart Kempinski hotel

He believes that Advanta and Holzmann stakes have has managed to steer clear of the losses now faced by other investors by concentrating on the fundamentals.

"It is true that too many developers were looking only at the tax. They forgot about location. We did not," ha ket. Like any experienced

Advanta Management was

point in the cycle. The German market will

take two to three years to recover. Outside of the east there is not too much development but neither is there much demand." he observes: Over the past four years Advanta has reduced its exposure to the German market. Today it is acting on only a handful of developements, in some cases acting as a project manager for other investors.

But Advanta has not been ldle since Mr Bock took up the challenge of Lonrho. in 1994 Mr Bock acquired a 50 per cent stake in Number 1 Poultry, one of the first speculative City of London developments following the prop-erty crash of the early 1990s. The location - on a corner

site close to the Bank of England - is one of the best in the City and underlines his belief in location.

"Everything people say about the importance of location is true. Your returns may not be as high [as in secondary locations] to start with hut they will be less volatile and in the long run they will be better," he

Advanta and its development partner - Lord Palumbo, former chairman of the Arts Council – also appear to have got their time ing right. Modern space in the City is now in relatively short supply and top renti are on an upward trend. The acid test will come

when the huilding is completed next spring. Advanta has released part of its equity investment in Number 1 Poultry through a debt refinancing arranged by

Eurohypo, the mortgage arm of Deutsche Bank. Mr Bock is keen to reinvest the proceeds in another London development site, partly to keep Advanta's UK

management team together. It seems unlikely, however, that Advanta will

The logical ontcome for Advanta would be a joint venture with a UK property company eager to find a new source: of development finance and with long-term ambitions in Germany. This is a solution which Mr Bock loathe to sell at the wrong does not rule out.

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become a significant force in the UK property market. Mr Bock is at his most animated when describing the "great potential" of Lonrho's African trading businesses which now absorb most of his energies

's short supply.

the second base of

# Slick Japanese dream

Alastair Macaulay on a visually striking staging

mer Night's not nearly good enough, but at least they are in English Yukio Ninagawa's staging which Thelma Holt, that undefatigable Ninagawaphile, and Point Tokyo Co. have brought to the Mermaid Theatre – is sometimes tolerable, but it is in Japanese. I have seen Shakespeare in Thisbe of Hatsun Yamaya. Russian, Swedish, German, in the regard to and French, sometimes (as here) without simultaneous translation, and I have The char is the late of the la watched some of them with real gratitude for the new where heal takes light cast by the un-British style of performance. I have, moreover, enjoyed a Russian Dream that took far greater liberties with Shakespeare's

A first the second point of the second point o Compact Calendary spontaneity or lyricism. Like most directors these days, the most striking features Ninagawa brings to Shakespeare are visual, and Shakespeare are with play.

In order of the play.

Adrian Noble (whose RSC) Adrian None (woose in hit version returns to the Barbican next week, Lightbulbs; Ninagawa has white sand, falling – as in an hourglass – in five streams on to the stage, and odd shows of red poppies too. shows of red poppies too.

Bottom is first seen cooking of the actors speak Japanese Bottom is this, seem on a Wok. The fairies rise on to the stage through trapdoors. Puck does rows of Bottom "I pray thee, gentle acrobatic jumps, and high kicks; ba also gets to have a brief pas de deux with a

text than this one. Bot Nina-

gawa's kind of Japanese

theatre is almost devoid of

fairy boyfriend. Nothing here is as vulgar as the average British.

ost British translated into an ass, a big stagings of knockabout set-piece ensues mugging at the audience but with no unusually crass effects, and with a couple of really good movement jokes. True, as Titania/Hippolyta, Kayoko Shiraishi gives a peculiarly drag-queen perfor-mance, harsh and externalised and calculated. She is actually less feminine than the amusingly onnagata

> Helena is tha usual brash: hoyden, but Hermia and Lys-ander are played with touch ingly teenage purity. A few features of the Pyramus-Thisbe play, such as Peter Quince's narration and Thisbe's grief, are charming, and as far as un-Shakespears ian jokes go, Quince's singing of the theme music from .
>
> Love Story during Pyramus and Thisbe's first encounter is a neat stroke. Puck's couplet "I am sent with broom: before, To sweep the dust-behind the door" gives Ninagawa an inch that he takes a

Too much here is too slick. Ryudo Uzaki'a mnsic, arranged here on synthesiser, has one kind of Westernised patness, and tha fairy choreography by Kiyomi Maeda and Suketaro Hanayagi has another. And: to these oriental ears, most as if it were a form of barking. When Titania is telling mortal, sing again/ Mine ear is much enamoured of thy note", she sounds like a Pomeranian who has been stung by a wasp.



Dreom. When Bottom is The Mermaid Theatre, ECA " Tetsuro Sagaura as Oberon and Kayoko Shiraishi as Titania

# Search for lottery fund guinea pigs

The new Arts Council grant scheme is being launched with care, says Antony Thorncroft

clean your debts, dead wood with vast redundancy payments, or give you a substantial endowment. The Arts Council's awkwardly named stabilisation programme, announced this week, and widely expected to solve the financial problems of the nation's arts companies with lottery money, is emerging as an ill-defined beast.

Even Mary Allen, sec-retary-general of tha Arts Council of England, admitted she was on a sharp learning curve. The stabilisation scheme has been borrowed from the US, where it is reckoned to have been succassful in keeping the arts afloat in a hostile funding climate. It basically involves consultants giving a company a going-over and work-ing out a plan for its survival. Its most eye-catching characteristic is the paying-off of deficits, wiping the financial slate clean ready for the relaunch.

The Arts Council is feeling its way, seeking 15 compa nes to act as guinea pigs in a pilot scheme, funded with up to £7m of the £250m that the Arts Council will receive from the lottery this year. Successful applicants for the pilot scheme will be examined by the consultants Coopers & Lybrand, and if their plans for artistic renewal look promising they will get the money they need in the summer of next year. And if the pilot scheme works well then an unspecified amount of lottery money, perhaps £30m, will go towards an expanded scheme in 1998. The ideal applicant is a

well-run arts company that could do much better, presenting more ambitious work, if it could solve once and for all the nagging deficit which forces it to play safe in its

o, it will not wipe candidate, and one that might well be included in the pilot, is West Yorkshire Playhouse, highly regarded but still lumbered with debts from its pre-lottery building programme. These cost It £200,000 a year to service, money which could be better spent on more ambitious. and popular, productions.
Other obvious contenders

are musical groups, which, with less need for capital development, are ineligible for traditional lottery cash,

Lottery money might change everything for everyone, but the next few years could be tough

Richmond in south-west London, which rebuilt themselves, at great cost, just before the lottery came on

Companies seeking help must be financially sound and have convincing plans for their future. Perhaps the problem is that its audience base is getting old (are we talking orchestras here?). The money could be used to re-present their activities to reach a younger crowd, Perhaps an art gallery is in the wrong location - the stabilisation fund could belp its removal. Perhaps a merger will solve problems, or an investment in new technology, or improved managment skills. The idea is a one-off injection of cash, which will enable good, but restricted, arts organisations, to take a leap towards

stability and expansion.

there are problems. For a which has already received iottery money for a capital project is ineligible. If your application is with the Arts Council but has yet to be determined you can quickly withdraw it and go for stabilisation cash.

There are other restraints. An arts company must have have a turnover of £250,000, and an audience of 25,000 a year, although there is scope for smaller organisations to club together. In addition, although you do not need to produce partnership funding, you must be able to ensure four years of future funding from your regular paymasters, or guarantee a commitment in kind.
"I do not expect the stabi-lisation fund to be used to

pay off debts. This could happen, but seldom," says Mary Allen. She is presenting the programme in a more positive way, as a means of relieving the current crisis facing the arts which atems from cuts in the annual government grant to the Arts Council. In time, iottery money might change everything for everyone, but the next few years could be

If the stabilisation fund is not the long-desired switch of lottery money from capi-tal expenditure to reveoue funding it is another sign that the Arts Council is being as flexible as possible within the current restraints. In the near future it will announce plans for widening access, giving companies money to expand their audiences to take in the young and the elderly and the ignored, plus a widening in its commissioning policy, which will put money into the bands of artists. Much bas been achieved with the lottery in 18 months and the arts should be truly

# Sexy Lulu conquers new territory

Copenhagen tast week was to swop one festival city for another. The only difference is that Copenhagen is enjoying a year-round festival as cultural capital of Europe for 1996 and its programme of events, which must be one of the most energetic so far, is fully now approaching its cli-

Late summer in Copenhagen means sun and cool breezes with the Northern sunsets starting to draw in (strange to think that this part of Denmark lies on nearly the same degree of latitude as Edinburgh). So it · was ideal weather for the - outdoor athletics and firework display that were going on close to midnight, as the audience came out for the big arts avent of cultural capital year - the first Scan-dinavian production of Berg's completed Lulu.

lying out of Edin-burgh and into Copenhagen last Richard Fairman enjoys the cultural capital's big arts event burgh and into Copenhagen last Opened with Nielsen's Mas-karade, which is the national opera in Denmark,

with the Danish Royal Balt would out all eight perfor-lef, the orchestra sees itself mances. as Denmark's prime cultural. As long as the audience tour that takes in Birmingham, Leicester, Leeds, Not-tingham and London's Barbican Hall, with Joshua Bell as

Lulu marked the high-point -was as it seemed. of its year. Put on an opera tiansborg Palace and plas or film.

catching promotion of the fered Copenhagen with post-

export. It made its first inter- was not expecting an orgy national visit after the war, on the lines of the publicity to the Edinburgh Festival 'photo, this was a sexy Lulu and this autumn will be car -- more so, certainly, than rying the cultural capital the recent Glyndebourne banner overseas for a UK production. Where that showed Lulu as an everyday girl, a real plain Jane, this one went to the other extreme and made her the ultimate feminine icon in a At home, however, this surreal world, where nothing

The producer, Travis Preswith enough razzle in ton, projected titles for each advance and it is possible to scene on to a large frame work up quite a head of public enthusiasm, even for a Furs or The Cuckold's Nightcomposer as difficult as \_mare" it said for one) and Berg. The orchestra picked kept as much of the action for its venue the newly-re- as he could at one remove, stored riding school in Chris- as theatre-within-a-theatre

1-218-421-7340

Photographs by Cindy

As an interpretation of Danish National Radio Sym- ers showing a tight clench of Berg's opera this was decid-phony Orchestra. Together writhing, naked bodies. That edly over-coloured, but there were some strong theatrical touches. At the end, when Lulu has become a prostitute, she entertained her clients in an abandonad car and her death at the hands of Jack the Ripper ended with her face pressed in a silent scream against the

> arading in a variety of costumes, from Spanish bullfighter's to minks and furs. and sportingly for a few minntes in her birthday suit, Constance Hauman proved game for anything as an attractively sylph-like Lulu. Julia Juon was a strong, but not magnetic Countess Geschwitz; Monte Jaffe and Peter Straka were true to the characters of Dr Schön and his son Alwa, and Theo

Adam (once a notable Schön himself) has moved on to play a subtla Schigolch. All round, the cast was less impressive than Glyndebourne's, but the production allowed them to make a greater impact.

It also belped that Ulf Schirmer and the Danish National Radio Symphony Orchestra managed to keep the accompaniment down so honourably, even in the open acoustic of the ridingschool. As a result, the climaxes, when he did give the orchestra its head, sounded enormous, the succession of violent deaths being hammered home in a massive crescendo. Lulu has con-quered new territory.

The novelty of that event rather overshadowed the opening of the season at the Royal Danish Opara. To catch the mood of cultural

an immensely popular piece guaranteed to bring a warm feeling to every Danish tummy.

The music itself is pure delight, tuneful, livaly, always ready to set one's toes tapping, and the orchestra under Paavo Berghund's watchful eya played as if it knows the opera backwards, as it must. The company singers, including the young bass Stephen Milling (remembered from the Cardiff Singer of the World a couple of years back) were acceptabla enough. The problem was the production. which contented itself with quaintness that does not travel well. As one unfunny bit of business followed another, I wanted to pick up the show and give it a good shake. Now I know what a Danish visitor feels like at capital year the company the Last Night of the Proms.



Monte Jaffe as Dr Schön and Constance Hauman as Lulu



### ■ AMSTERDAM

EXHIBITION Stedelijk Museum Tel: 31-20-5732911 Marien Schouten: first Amsterdam overview of this artist's work. An installation occupying seven spaces offers insight into his complex ideas about painting; from pure paintings" on canvas and walls to plaster and bronze reliefs and constructions made of steel and gless; from Sep 7 to Nov 3

### ■ BERLIN CONCERT

& einormadiid 49-30-2614383 Berliner Symphoniker: with conductor Stefan Malzew and tenor Laurence Dale perform works by Auber, Meyerbeer, Gounod and Massenet, 4pm; Sep

EXHIBITION

Martin-Gropius-Bau Tel: 49-30-254860

 Michael Schmidt. Fotografien seit 1965: retrospective exhibition featuring photographs by Michael Schmidt (b. 1945) from 1965 to the present. The city of Berlin, in which the artist has lived all his life, plays an important role in his

49-30-202600

 Die Fledermaus: by J. Strauss. Conducted by Yakov Kreizberg and performed by the Komische Oper. Soloists include Schellenberger, Korovina, Neumann and Siowioczek; 6pm;

Sep 8 per Linter den Linden Tel: 49-30-20354438 Die Zauberflöte: by Mozart. Conducted by Sebastian Weigle and performed by the Staatsoper Unter den Linden. Soloists include Blanck, Kiberg, Elsenfeld, Lang and Vogel; 4pm; Sep 8

**BRUSSELS** EXHIBITION

Palais des Beaux-Arts Tell 32-2-5078466 Ilya Kabakov. Sur le toit: exhibition of liva Kabakov's Installation "Sur le toit" (On the roof), created for the Palais des Beaux-Arts, in which visitors walk on a foot bridge over the roofs of an imaginary city, to Sep 8

CLEVELAND EXHIBITION Cleveland Museum of Art Tel:

Sherman: since 1975, Cindy Sherman has created "portraits" of herself dressed as invented characters, using varied poses, costumes, make-up, settings, and facial expressions to explore female identity. More recently, she has used prostheses to create her emotionally charged, sometimes OPERA Komische Oper Tel: disturbing compositions. The more than 30 photographs in this exhibition provide a concise survey of the career of this contemporary artist; from Sep 10

■ COPENHAGEN

Tivoli Concert Hall Tel: 45-33 15 Tivolis Symfoniorkester: with conductor Tamas Veto perform works by Brahms. Beethoven and Wagner, 9pm; Sep 7

Albertslundhuset Tel: 45-43 64

to Nov 3 ·

CONCERT

 Nult des Hommes: by Norgaard. Conducted by Jacob Schokking and performed by Den Danske Kvartet, the Zetolski Quartet, percussionist Gerd Sorensen and vocalists Sybills Ehlert and Mark Jenicello; 8pm; Det Kongelige Teater Tel: 45-33 *6*9 *6*9 *6*9 Maskarade: by Nielsen.

Conducted by Paavo Berglund and performed by Det Kongelige Teater. Soloists include Stephen Milling, Kari Hamnoy EXHIBITION and Thomas Poulsen Kragh; 8pm;

Sep 7

■ GSTAAD CONCERT

Menuhinfestival Albendala Gstaad Tel: 41-30-47173 Die Lustige Witwe: by Lehar. Concert performance, conducted by Yehudi Manuhin and performed by tha Sinfonia Varsovia and the Berner Konzertchor. Soloists include Yvonne Kenny, Danilo Schollum. Part of the Menuhin Festival; 7.30pm; Sep 7

LONDON

CONCERT Royal Albert Hall Tel: 44-171-5898212 BBC National Orchestra of Wales: with conductor Tadaaki Otaka and pianist Lelf Ove Andsnes perform works by Takemitsu, Rachmaninov and Powers, Part of the BBC Henry

Wood Promenade Concerts

(Proms); 7.30pm; Sep 9 THEATRE The Pit Tel: 44-171-6388891 Faust (Parts 1 & 2): by Wolfgang von Goethe, in a new version by Howard Brenton. Directed by Michael Bogdanov and performed by the Royal Shakespeare Company. The cast includes Michael Feast and Hugh

■ NEW YORK

7.15pm (part 2); Sep 7

Quarshie; 2.30pm (part 1) &

International Center of Photography Tel: 1-212-860-1777

In Times of War and Peace: The Photographs of David and Peter Turnley: exhibition of 200 works by David and Peter Turnley, who have photographed every big news event of the past 15 years; to Sep 8 The Metropolitan Museum of Art Tel: 1-212-879-5500 Studio Glass in The Metropolitan Museum of Art: this exhibition of works from the museum's collection exploring the Studio Glass movement is the fourth in an ongoing series of exhibitions devoted to 20th century design and architecture. The display features 39 works, revealing the diversity and range of forms, colours, subjects and techniques. Artists represented include William Morris, Howard

**■ PARIS** 

EXHIBITION Musée Carnavalet Tel: 33-1 42 72 21 13 Georg Aemi – Panoramas parisiens: exhibition of a series of panoramic views of Paris by the Swiss photographer Georg Aemi; to Sep 29

Ben Tré, Mary Shaffer and

Thomas Patti; to Oct 6

■ SAN FRANCISCO

Louise M. Davies Symphony Hall Tel: 1-415-864-6000 San Francisco Symphony: with

conductor Michael Tilson Thomas, organ-player Christopher O'Riley and mezzo-soprano Michelle DeYoung perform works by Mackey, Beethoven and ives;

Golden Gate Park Tel: 1-415-861-4008

 Opera in the Park: artists from the San Francisco Opera's 1996-97 season perform at Golden Gate Park with the San Francisco Opera Orchestra. The 1995 Opera in the Park concert attracted more than 22,000 opera lovers; 1,30pm; Sep 8

■ VIENNA EXHIBITION Palais Liechtenstein Tel: 43-1-3176900

 Errò: From Mao to Madonna: retrospective of this legendary figure of European Pop Art. Object Art and Action Painting The exhibition features about 90 large-format paintings spanning a 30 years period; to Sep 8

43-1-514442960 Don Carlos: by Verdi. Conducted by Fabio Luisl and performed by the Wiener

Wiener Staatsoper Tel:

**OPERA** 

Staatsoper. Soloists include Andrea Gruber, Sergej Larin and Carlos Alvarez; 8.30pm; Sep 7 Listing compiled and supplied by ArtBase The International Arts Database, Amsterdam, The Netherlands. Copyright 1996. All rights reserved. Tel: 31 20 664 6441. E-mail: artbase@pi.net

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European Money Wheel

Financial Times Business Toniant



**Philip Stephens** 

# Costly boys' toys

It will cost £250 for every person in the UK but the Eurofighter is an unnecessary embodiment of a broken dream

This week tha British government confirmed its to aim their missiles just by intention to sonander £15bn lcoking at the target. They of taxpayers' money. That's will be able to talk to the right, £15bn, or £250 for control panel. And if an every man, women and child in the country. And enemy sneaks np on it, Eurofighter will shoot it what happened? Not a whisdown without so much as per of dissent, not an eyelooking over its shoulder. So hrow raised. Instead, uniwe are told. No wonder one versal eppieuse. Tony breathless defenca corre-Blair's Labour party, big spondent wrote this week that the RAF's top guns are business, the trade unions: they all cheered. But then absolutely "itching" to get they were all playing the their hands on it. The RAF will have to wait nation's favourite game while. Officially the first the politics of delusion.

planes will he delivered in l am referring to the government's order for a new 2002. Given the project's combat aircraft. Eurofighter track record, that is more than e little optimistic. No 2000 will be huilt in collahoration with Germany. Italy matter. In the meantime, Mr Portillo explained, the projand Spain. The Royal Air ect would secure the future Force says it needs 230 of them. On my reckoning. that works out at £65m each. So far, I suppose, so cement an alliance between British Aerospace and leadunremarkahle. We have iong been been inoculated tractors which would keep Europe at the leading edge against the spiralling cost of of the military aerospace military kit. And, of course, our boys business well into the 21st

must have the best. To lis-ten to Michael Portillo this All this sounded some week was to take a time what curious coming from Mr Portillo. The defence secnachine to the days when retary has never had e repu-Britain mounted a fair pretation as a corporatist or an tence of etanding astride the advocate of expensive makeworld stage. Remember the 1950s. Hardly a week went work schemes. Nor as an hy without an order for the enthusiast for European collatest high-tech missile or laboration. His spell at the Treasury must have taught stete-of-the-art plane. We had Blue Boar, Blue Steel, him that Eurofighter will Blue Streak, Skybolt, Black add not one extra joh. If it Night, the SR177, the TRS2. To the extent that Later came Chevaline, Nim-

manned aircraft Some of these ectually flew. Most of them didn't. are of any use at Nothing so trivial as that, though, could quench the all, they must be thirst of the air marshals and the politicians. They invisible to radar. are as intoxicated by sophisticated weaponry as are lit-But the tle boys by plastic soldiers. Show them a piece of lethal Eurofighter is wizardry and British Aero-

spece can add as many

noughts as It likes to its

cheque from the taxpayer.

about as stealthy as a Boeing 747 Eurofighter claims to

have as many of these gizmos as anything else in the air. Its pilots will have

"point and shoot helmets" were scrapped, the money would be spent, and the jobs created, elsewhere. Never mind. The election is on the near horizon. And he has had a rough enough ride from the armed forces.

> There is, though, e bigger snag. It was no accident that Michael Heseltine was first into the cockpit of the prototypa at tha Farnborough air show. It was Mr Heseltine, as defence secretary during the mid-1980s. who got the project off the ground. That was before his contretemps with Margaret Thatcher over Westland.

> At the time Mr Heseltine was probably right to argue that the RAF's ageing fleet of Tornadoes should be replaced by a new European aircraft. When Eurofighter was dreamed up (It was then called EFA) the world was a different place. We had real enemies.

> The icy winds of the cold war etill blew ecross the Berlin wall. Mrs Thatcher had sharply increased overall defence spending. The Falklands war had fostered the illusion that Britain could and should retain the canability to fight a war on its own account. The commitment to the North Atlantic Treaty Organisation meant that the RAF needed fighters capable of engaging Soviet MiGs over the German plains. The Eurofighter was designed to do just

And now? Everything has changed. Even supporters do not expect to see Eurofighter in action against the Russians, Tha idea of Britain retaining an independent military capability is a broken dream. During the Gulf war, its Tornadoes and tanks did not tilt the military halance against Saddam Hussein. They were an expression of political solidarity with the US.

It was the same in Bosnia. Well before US troops were sent, the British and French presence was entirely dependent on e command.

control and communica tions infrastructure snpplied by Washington. The reality is that, if and when Britain fights in wars of the future, it will do so as a junior partner in a US-led coalition. The US also happens to

produce better aircraft, Just to look at Eurofighter's 1970s styling is to realise that it is well behind its American equivalents. To the extent that manned aircraft are of any use et all in a world of ever more effective and accurate missiles they must be invisible to radar. Hence the US empha sis on so-called stealth tech nology. But, as a Whitehal' official who knows about these things remarked Eurofighter is ebont es stealthy as a Boeing 747.

lts supporters counter with the argument that without e European alterna-tive, Washington could charge what it liked for USproduced planes. It is easily answered. In its role as world policeman, the US alongside it. If it overpriced, say, its F-22 fighter aircraft Britain would simply buy fewer. The RAF's contribution to any US-led force would be correspondingly smaller. And anyone who believes that the cost of Eurofighter will be held to £15bn is day-dreaming. Its early development costs have already overshot by 25

Thankfully, there is still an escape route from this folly. If Mr. Blair wins the election, the harsh realibes of the public finances might persuade him to be more sensible in government than he can afford to be in oppo sition. More hopefully, Ger many is already seriously worried about the cost. I could yet pull out of the enterprise. The economic then would shift from being absurd to impossible. Let'a hope so. There are better ways for a country to relive past glories.



# Industrialists do not reflect hostility to Emu in UK - let alone France and Germany

From Mr Ian Milne. Sir. If the chairmen and chief executives of the prestigious British companies who "fear damage from Emu isolation" (Letters, September 5) had bothered to consult the . beads of their French subsidiaries (or read French national newspapers like Le-Monde and Figaro), they would know that, for the French establishment, the single currency project is dying on its feet.

A succession of senior

ench politicians of both the ruling coalition and the opposition are expressing serious reservations ebout the wisdom of the project, in the press, on radio and on television. They range from former presidents (Giscard d'Estaing) to former prime ministers (Barre, Fabius, Balladur) to former finance ministers (Madelin). These statesmen, whose European" credentials are impeccable, are reflecting the deepening worries of businessmen, economists, columnists and the electorate about the effect of the so-called single currency on an already enfeebled French economy. A similar groundswell is now building up in Germany. Chirac and Kohl, who both face general elections in 1998, would each prefer the other to throw in the sponge first. A social

explosion that would blow Emu away is less likely in Germany than in France but - according to French commentators - It is certainly on the cards in France.

Ian Milne. chairman, 2 rue du Port d'Ouest, 76200 Dieppe, France From Ms Rebecca Beech.

Sir. Had Britain not left the ERM when it did, we would now be confronting the economic and social devastation that consumer our continental friends. The UK industrialists, whose letter you published, would not be in e position to presume to know what is best for our nation.

While many aspects of the process remain unresolved 125 years after France and Germany first met in Paris to discuss the idea. Emu is fraught with potential economic disaster and should be treated as such. 1 hope that our politicians will not be overly influenced by the self-interest of big business as I fear they might in an election year.

Rebecca Beech. 25 Montpelier Row, Blackheath, London, UK

From Mr. Osman Streater. Sir, You print e letter from companies whose trade in Europe generates billions of dollars of export business and creates tens of thousands of jobs in this country".

Really? The chairman of Bupa is one of the 15. How many tens of thousands of medical jobs in the UK depend on British participation in Emu. as he urges? So is the chairman of many billions of dollars does

his public relations company earn from its exports from Britain to the EU? The chairman of Coopers & Lybrand has signed. What does his firm export accountants? The group chlef executive of Rentokii ls a signatory. What has Emu got to do with rodent control? As for the chief executive of Unigate eppending his signature. surely the one thing that the continentals want to know about dairy products is that they did not originate from

British cows. Even for the companies which clearly do export to Europe, it is bard to imagine that their business will be harmed hy our not joining Emu. Will Guinness sell less scotch to the whisky-loving Italians? No? Well, wby then are he and other chairmen. such as those of BP and Shell (remember, oil is priced in US dollars) getting emotional about Emu?

Osman Streater. Savile Club. London WIY 2ER, UK

### Paris Club must act on debt relief

From Mr Paul Spray Sir, Re your report "Paris. Club threat to debt initiative" (August 30), the Paris Club must indeed raise the amount of debt relief it can offer and it ought to call

e special meeting to do so. But the Paris Club should not become e reason for the International Monetary Fund to shelve its own contribution.

Paul Spray, policy director, Christian Aid, PO Box 100. London SE1 7RT,

# Environmental quality key element of industrial policy in Philippines

in the issue a competitive

challenge to Philippines

industry. He, and his

From Mr. Owen Cylice. Sir, Edward Luce ("Green tiger". September 4) captures one half of an emerging levelopment paradigm in Asia, I met Victor Ramos, secretary of state for the environment for the Philippines, just two weeks ago in Manila. He articulated

the outlines of what might come to be called a "clean revolution" for the Philippines. More to the point, Melito Salazar, under-secretary at the Department of Trade and

environmental charge from

presumptive enemy, seeing

Industry, is leading the

within the camp of the

development paradigm. As Mr Salazar points out, the elements for a "clean" revolution" are in place in the Philippines: increasing public awareness and concern for the environment: improving environmental regulation

and enforcement; dramatic

investment and increasing

international market place.

increases in the rate of

pressure from the

90 per cent of the Philippines industrial stock to be built department, are making over the next 15 years, there environmental quality a is real opportunity for the strategic factor for industrial introduction of clean design policy, the other half of the technologies and production. The convergence of environmental and industrial policy in the Philippines is just another sign that brown and green can co-exist in Asia.

With perhaps as much as

(senior fellow, Tata Energy and Resources Institute. Washington DC). 9101 Charred Oak Drive. Bethesda, MD 20817,

Europa · Thomas Mayer

# The way to price stability

central bank's operations should be guided by an inflation target



· markets may be baving renewed doubts about whether the European Union cen achieve tha

final stage of economic and monetary union (Emu). But preparations for monetary union are gaining momen-tum among the various national and EU authorities involved.

One question under discussion is bow the future European central bank should pursue price atabil-ity. Should its policy operations be guided by a monetary target in the manner of the Bundesbank or should it adopt an infla-

tion target? At first giance, this seems lika a technical issue of limited general interest. But the decision will have important consequences for the transparency of European monetary policy and the accountability of the central bank

The advocates of monetary targeting point to the stability of aggregate money demand in Europe, and to the good inflation record of the Bundesbank. Why, they ask, should a concept that so well not be taken over by the European central bank? However, there are at least two good reasons why an

approach that has worked

European central bank.

One is that the apparent stability of European money demand in the past will not ingly. necessarily bold in the future, when national cur-rencies will be replaced by a targeting, however, turns European currency with as yet unknown characteristics. its head. Instead of control-This problem could ba eddressed by e careful Bundeshank aims to control

demand across Europe. tion is that monetary target- developments, to which, continuing stability of the ing along the lines followed money demand growth then by the Bundesbank will adjusts. much room to act at its own rect approach to monetary to present its approach as

The financial

discretion. While freedom from public scrutiny may have been acceptable in Germany, it would not be so easily tolerated in a suprana-tional institution such as the European Central Bank.

In theory, monetary tar-geting commits the central vided the demand for money is stable, the central bank steblises inflation hy allowing monay snpply growth consistent with real potential grosa domestic product growth, any trend change in the velocity of money and the target inflation rate. In other words, a central bank using the well for the Bundesbank monetarist epproach should may not be suitable for the control money supply rates, prices and economic activity to adjust eccord-

The Bundeabank's this monetarist concept on ling money supply, the monitoring of money money demand. It uses interest ratee to infinence eco-A more important objec- nomic activity and price Federal Reserve. But the

targeting, the appropriata monetary expansion is the starting point of monetary.

policy.

Hence it is perbaps not surprising that recent research shows that the Bundesbank's interest rate policy can be explained by the so-called Taylor rule: official interest rate changes primarily reflect changes in the output gap (the difference hetween actual and potential real GDP) and tha difference between actual and target inflation.

By trying to minimise the output gap and the differance between actual and target inflation, the Bundesbank is essentially aiming growth and allow Interest for convergence between rates, prices and economic actual and potential nominal GDP growth. If there is a stable long-run relationship between nominal GDP and money, as still seems to be the case in Germany, this will produce money growth et the target rate.

The Bundesbank'a approach to monetary policy is thus very similar in essence to that of the US money demand growth then relationship between adjusts.

German money and prices has allowed the Bundesbank

This bas permitted the Bundesbank to fend off st gestions that it should take

direct responsibility for real economic activity and inflation (as the Fed does). Note does it have to commit lise. to strict money control (as the original monetarist approach demands). The result has been con-

siderable room for discretion in the design of monetary policy, and the inability of the public to monitor central bank performance except in the very long run.

record of the last four decades suggests that the Bundesbank bas tended to use this room for discretion

But it is far from clear that e supranational central bank endowed with the same room for discrebon and similarly freed from public scrutiny would do the same. National representatives on the governing council of the central bank might be tempted to dilute monetary policy in pursuit of narrow national interests - some countries, for example, may regard rapid aconomic growth as more important

than low infletion. Hence an inflation target combined with the require-ment to report regularly on the outlook for inflation would be a better policy framework for the European central bank than monetary targeting along Bundesbank

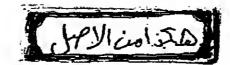
In following such an approach, the European central bank would regularly publish an inflation forecast hased on all relevant economic variables (including money stock growth). And it would explain any official interest rate moves in the light of the difference between the forecast and target inflation.

As a result, European monetery policy would become transparent and the central bank would be putral licly eccountable for its policy decisions, which in the end would strengthen its

The author is senior economist ot Goldmon Sachs Frankfurt office, and a former economist at the International Monetary Fund.



Rockwell



DM bn (mid-Aug 1996)

Number One Southwark Bridge, London SE1 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407-5700 Friday September 6 1996

# Reforming Germany

gross domestic product fell 0.4 per cent in the second quarter. Yesterday, the equivalent German figure turned out to be a rise of 1.5 per cent. Many will conclude that there is a sharp contrast between the two economies. That would be wrong: they are remarkably alike.

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Over the year to the second quarter, the German economy grew 1.2 per cent, the same rate as the French economy. Over the past five years the German economy has grown at an average rate of 1.3 per cent, which is also, the rate at which the French economy has expanded. Since the end of Germany'e post-unification spurt, cyclical fluctuations have also been remarkably close, both in timing and amplitude.

Rates of consumer price inflation in the year to July were also not far apart - 1.6 per cent in Germany and 2.3 per cent in France. Interest rates in the two countries are virtually identical throughout the yield curve. Moreover, in its latest report on Germany, the Organisation for Economic Co-operation and Development forecasts the general government borrowing requirement at 3.4 per cent next year, on the basis of GDP growth of 2.4 per cent and agreed and mandated fiscal measures. On these assumptions, the fiscal outcome should These are two converged

On Wednesday the French economies Unfortunately, they authorities announced that have converged on a dismal economic performance. This is shown by the slow rates of growth: It is also shown in the July rates of unsuployment 12.5 per cent for France and 10.2

per cent for Germany. One reason for the convergence is that the two economies share monetary policies. Another is their common structural failings. Yesterday's OECD report throws a spotlight on those afflicting Germany The detail would be different but the message would be simi lar for France.

Germany spends more on subsidies than any other country in the European Union. The OECD even speaks of a growing "sub-sidy mentality". Unemployment benefits are too generous and marginal rates of income tax too high. The tax system is also an obstacle to the emergence of dynamic markets in risk capital. Restrictions on firing workers are a disincentive to hiring and regulations constrain the capac ity of the service sector to create jobs and increase output.

Germany and France may feel pleased that they have converged, but not at how they have done so; Low inflation is fine; sustained low growth is not. Not only they, but Europe as a whole, needs greater dyna mism. Much will depend on structural reform. The German government has at least made a start. The OECD shows how

# **UN** sidelined

Whatever its human and material cost, the crisis in Iraq has already claimed an important institutional casualty. The UN Security Council, viewed until recently as the chief licenmen, is forfeiting that role.

For better or worse, the US to muster support for a firm res-olution censuring fraq - albeit Russia, which like - has foundered on French coolness and objections from Russia and China. In the absence of a new man-

date, the US has stretched even further the tenuous legal basis already claimed for the allied intervention in northern Iraq in 1991 and subsequent imposition of no-fly zones. The original Gulf war resolution of November 1990 authorised member states to use "all necessary means" to restore peace and security in the region. Resolution 688, of April 1991, described the repression of the Kurds and others in Iraq as a threat to peace and security. Ergo, it is argued, force could legitimately be used to protect them. And that in turn is held to legitimise attacks on Iraq's air defences, which make it safer for western air forces to police Iraqi skies.

Of course, Bill Clinton's pol-

considerations, but by the need to face down Baghdad and avoid any perception of weakness. especially in the eyes of US voters. And his willingness to act alone carries an implicit messing agency for the US and sage to his Security Council other would be world police partners: if the UN refuses to back actions that are manifestly necessary, so much the worse launched its air strikes against for the UN. It is a far cry from Iraq without seeking the Coun- the early days of his presidency, cil's approval. Britain's attempt which were full of optimism for

Russia, which like Britain and without calling for punishment . France wields more power in the Security Council than in the real world, has denounced the US for "usurping" the UN's role. Of course, Moscow is quite familiar with the practice of using force first and making legal arguments later. But Mr Yevgeny Primakov, Russia's foreign minister, has warned of "anarchy" if the US goes on acting unilaterally.

In practice the US will, sometimes must, act unilaterally when it sees vital interests at stake. But international legitimacy and due process are also important interests, which should not be watered down without considering the consequences. Washington should work harder to build a consensus for its policies towards Iraq Libya and other "pariah" states. A greater willingness to listen to the concerns of its partners could make US policy more icy is not driven by these legal effective, not less.

# 10.0%

m banks: ripe for restructuring

DM be (1995)

# Cat set among the pigeons

Deutsche Bank's move has set the stage for a more wide-ranging restructuring of the German banking industry, says Andrew Fisher

many's largest bank, recently announced that it held 5.21 per cent of smaller Bayerische Vereinsbank, the fourth-largest, the unexpected news stunned bankers and investors. It also launched a wave of speculation about further shifts of ownership in the German hanking sector.

Restructuring has looked inevitable for some time with the country's hig banks striving to cut costs and competing hard for affinent private customers. Lending margins are thin and banks are concentrating on low-risk, and thus low-profit, corporate Joans as Germany emerges from

"Deutsche Bank's stake in Bayerische Vereinsbank put the cat among the pigeons," says Mr ing analyst at Fox-Pitt Kelton, the UK stockbroker. By opening people's minds to the possibility. of mergers or takeovers among German banks, "the stage has been set for something quite significant to happen".

Mr Hilmar Kopper, Deutsche Bank chairman, admitted last month that the Vereinsbank stake had been taken to give it a seat at the negotiating table, should any other German or foreign banks think about trying to move in. "It was throwing our hat into the ring, so to speak," he said. Since the bank had previously said the shareholding worth nearly DM700m (£301.7m) at the current share price - was purely an investment, Mr Kopper's comments made clear that far more is potentially at stake. The big Frankfurt- and Munich-based banks have been reorganising vigorously for some time to improve customer service and automate more transactions.

hen Deutsche branches and reducing staff, although much less drastically than their counterparts in the US or the UK because of social con-

> The approach of European monetary union has also concentrated bankers' minds. A single currency will change the banking environment markedly, bringing greater opportunities for banks big enough to take advantage of pan-European capital and investment banking markets.

And they are also under pres-sure from hig international investors to squeeze more profit out of their businesses. Shareholder value is constantly on the lips of leading German bankers, keen to Trying to assess what would hap-lift their returns on equity to pen was an "exciting question", Anglo-Saxon levels.

Mergers would be one way of doing this, although significant gains would require restructur-ing to include the host of savings, Chris Williams, European bank- .co-operative and other regional banks which account for about 75 per cent of the retail and corporate market. The top three commercial banks only have about 12 per cent.

The Devische Bank announcement sparked a surge in prices in previously lethargic bank shares - and a spate of rumours. Vereinsbank's shares, about DM40 before Dentsche's announcement, have leapt to about DMS0

"The automatic assumption that this [mergers or acquisitions] couldn't happen in Germany has gone," says Mr John Leonard, London-based banking analyst at Salomon Brothers, the US investment bank. "This is certainly going to become a boardroom topic for all members of management at all German A merger between Frankfurt-

based Deutsche Bank and Munich-based Vereinsbank would give the former a bigger They are trimming surplus share of the wealthy Bavarian an amalgamation between Com-

market and a stronger position in the low-margin but steadily profitable mortgage business. On that basis, a merger between Dresdner Bank (number two in Germany) and Bayerische Hypotheken-und Wechsel-Bank (number five) would also yield benefits.

Just over 20 per cent of both banks is owned by Allianz, the big insurance group which also has smaller holdings in BHF-Bank and IKB Industrie Kreditbank. At its recent annual press conference. Mr Henning Schulte-Noelle, Allianz's chairman, spoke of the possibility that "the Ger man banking landscape will undergo considerable changes".

he added.

e singled out Allianz's stakes in Dresdner and Hypo-Bank as havtegic interest" through co-operation deals on insurance sales. But these boldings have been the subject of speculation for a different, though equally strategic, reason. When asked at Dresdner's interim press conference if talks were taking place with Hypo-Bank and whether Allianz had put on pressure, Mr Jürgen Sarrazin, Dresdner'e chairman, answered no. Yet such a combi-

Some analysts believe Dresdoer is keen to be an active partner with Allianz in setting up a deal, rather than simply going along with its wishes. Since Allianz also wants to improve its return on equity, a Dresdner-Hypo-Bank link would have the benefit of enhancing the low earnings performance of its bank holdings.

nation is regarded as among the

restructuring wave.

most likely in any future

Also widely rumoured has been

merzbank - third-biggest of the Frankfurt banks - and Vereinsbank. This has been dismissed by both sides, but reflects the fact that they are of similar size, with shares widely spread in the market. A merger could give both added strength, with the attrac-tion for Vereinsbank of joining a roughly equal partner, instead of being absorbed by the powerful

Deutsche Bank. Both have also had problems breaking into the costly international businesses of investment banking and asset management. Commerzbank failed to buy Smith New Court, the big UK broking firm that went to Merrill Lynch of the US last year. Vereinsbank also failed to enter the asset management business when its attempt to buy-Oppenheimer, the US investment bank and fund manager, looked as if it would take too long to overcome

regulatory hurdles. Both could be attractive to a man footbold as part of its expanlimited number of potential buyers: French banks have their own widely publicised problems, especially in the property market; and UK and US banks are not thought to be interested in the over-banked German market. "Only the big Dutch and Swiss

banks appear to be potential buyers in Europe," says Mr Dieter Hein, banking analyst at BHF-Bank, a medium-sized Frankfurt bank which concentrates on merchant banking business. Not only do they have the money, but they are also close to Germany geographically and mentally.

Yet there is no sign that any of the Swiss or Dutch banks is contemplating such a move. It would certainly be expensive: Vereinsbank and Commerzbank each have a market capitalisation of more than DM13bn, with Hypo-Bank at about DM11bn.

such predatory moves. "Even in the case of a friendly takeover, it is difficult enough for big companies to reconcile two different corporate cultures," says Mr Hein. "But against the opposition of the managing boards, it will bardly be possible to realise synergies

Hostile bids go against the grain in Germany, where consensus is still prized above confrontation. Even an agreed takeover could revive the debate about the power of the banks, says Mr Michael Klein, banking analyst at Delbrück, a Frankfurt bank. "With their big profits, how could banks argue they have to merge to achieve savings because they are doing so badly?"

The Federal Cartel office would also cast a sceptical eye on any bids. But its objections could probably be overcome, since big banks' market share is small. "The cartel office may not want large foreign bank seeking a Ger- such a development, but their arguments would be hard to sussion plans. Yet there are only a tain on a pan-European basis. especially in the face of Emu. says Mr Stephen Lewis, Londoned European banking analyst

at Union Bank of Switzerland. Thus any major moves in the German banking market are not expected to happen quickly, to allow time for the idea to sink in among the public. "I wouldn't expect anything in a year, but certainly in about two years." says a leading Frankfurt banker. Whenever the restructuring

finally gets under way, Deutsche Bank certainly wants to stay number one. "The one thing it does not want to happen is to lose its dominant position in the domestic market." says Mr James Hyde, European banking analyst at Williams de Broë, the UK broker. By taking its stake in Vereinsbank, Deutsche hae served notice that it does not intend to do so.

# Weinstock era

Lord Weinstock's retires today as managing director of the General Electric Company. When he took the post in 1963, cially prudent to stay clear of he British corporate landscape boked radically different. The tors, this approach also constituents of the FT 30-share index of blue chip companies included such stalwarts as Alfred Herbert, British Motors, Lancashire Cotton and Swan Hunter. Of those which have survived as independent entities, none has a market value close to GEC's.

pany has lost vigour in recent attack the world. But a small years. Much of GEC's early suchome market has not hampered cess was attributable to the Weinstock characteristics of tight cost control and budgeting. These are now commonplace in the UK, at least in theory. They were much less so in the undisciplined 1960s and

Another distinguishing GEC characteristic was its dependence on big monopoly buyers in the UK. Without the patronage of the Central Electricity Generating Board, tha Post Office and the Ministry of Defence, the last few decades would have been much tougher

for the company.

Against that is the charge that in seeking sheltered mar- Framatome. Whether he merits kets, GEC failed to build a competitive edge in the hurly-burly may be open to debate: but no of the outside world. Its record British manager of his generafor technological innovation is tion has a better claim.

not impressive compared to some of its global competitors. And while it may have finanrisky sectors like semiconducexcluded the company from some of the chief growth markets of the latter part of the century.

It is also a criticism of the Weinstock years that GEC was slow to turn itself into a global producer, except through the conservative medium of joint This is a point worth setting ventures. It is true that the UK against the charge that the comis a meagre base from which to home market has not hampered the global ambitions of at least one GEC rival, the Swiss-Swedish manufacturer ABB.

Yet the original point holds good. While Lord Weinstock'e achievement can be criticised in global terms, it is a lot harder to do so in the UK context which was his starting point. Today, GEC has a market value of £10hn and enormous reserves of cash to safeguard its future.

And after all, Lord Wein-

stock's final week saw him playing a central part in the restructuring of European power generation - and possibly European defence - through GEC Alsthom's discussions with the title of great industrialist

# A random old world

America's party convention season showcased a society where no emotion is booken no tragedy too forbitate for national network exposure.

The conventions may be over

but the story goes on Dick.

Menris the Chaton political
consultant graced but of the
White House in a sex scandal, is
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silence, his wife Eileen McGann detailed for Time some of the counte's men intimate
conversations in the wate of
tablind allegations that Morris
had an affair with a \$200 an bour
prestitute. She more land having been horn prematurely at a weight of ES pounds, her husband was a fighter, and that her main concern was "with beining Dick get through this" Marris hipself also understands the national

Tetroeist well enough to parley his story toto lucrative contracts and has offered his

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es vices to the relevision networks as a political commendation. Nor has, he let the gress grow under his feet as regards the book. Late on.
Wednesday, he signed a contract
with Bendom House to chronicle
the regular of the presidency he-

master product.

With an detectable hint of hrony Harridd France, Random House or helicited the House inhibition, defended the deal styling Maris had had a unique representation which resides would find tast matters. Doubless he meant Morie's experience in the White House raften than the deal of the control of the law actually made him to process. made time famous

# Ball in his court

E is Cermany's OJ Simpson debacle - minus the saturation television coverage, because the cameras don't get to penetrate the countroom. Some 13-months after Steff Graf's father's arrest, the long awaited tax estasion trial. finally kicked off yesterday, with the big question for Stem's millions of facts naturally being how much did she know? Huge relief all around

presumably, when Peter Graf, relterated to the court that she inew nothing. More intriguing, however, were his comments. about his "tax saving model", as he chose to dub it. He related

OBSERVER how he reckoned the authorities had missed him about the legality of his little device, which allowed sponsors to pay directly into a foreign bank account. Not that he didn't, as he let on, sometimes feel a little

> conscience.
>
> His central allegation concerns studence in high anthority who had suggested that a lenient view might be taken if Staffi grayed put in the country — and this not join some of her sporting concerns for the line of the sporting concerns that it felling for the compatitions in falling for the delights of Monaco or elsewhere The Germans could be set to giseth an impresting insight into the wheeling and dealing of the iscal powers that be

### The first fence? Machiavellian could be one

way of describing official italian reaction to the US cruise missile stracks on lead military installations, but uncertain compromise looks Goser to the Yesterday's issue of La

Republica, the daily newspaper, carried a small three-column table that said it all. Among the countries listed as dead set against the US action were France, Spain, Russia and China while those siding squarely with the USA included Britain. Germany and Japan. As far as La Repubblica is concerned,

Italy is alone as a fence-sitter. Perhaps it is a question of wanting not to offend friends and allies. Alternatively, the Italian stance might reflect differing views in Romano Prodi's highly heterogeneous

It certainly looks like another case of wanting to have the spagnetti sauced on all sides.

### All change

Reactionaries have triumphed over the reformers at blue-blood investment bank ING Rarings. Just one month after declaring Friday a "dress-down" day. when staff can put away their stuffed Jermyn Street shirts, the company has killed it off. "It was an experiment which has come to an end," says the bank. The victory for more

conservative forces basn't found favour among the younger generation. "It's all rather disappointing," says one youthful blade. "With winter coming up. I was looking forward to slipping on the moleskins."

One Barings man likely to be smiling is Charles Irby in corporate finance. Within minutes of the "relax" dictat, he told his staff he required them to remain conservatively attired Rumour has it that he may have had a say in the latest decision.

# Financial Times

### 100 years ago Foreign Shareholders

The influence of foreign shareholders who were so freely introduced last year into British companies has made itself felt more than once of late, and we must say that, generally speaking, the influence has been for good. The cohesion of a knot of formed a useful nucleus of resistance to Directorial policy, and in the case of the Lagunas Nitrate Company it assisted to bring about the change in management to which we have more than once called attention.

### 50 years ago

Productivity Productivity, or output per man bour, is a vitally important aspect of reconversion. Never was there so much interest in the subject. Yet on very few subjects is there so little reliable material available. As a consequence, there is a good deal of rather loose talk about the unfavourable trend in productivity in Britain, particularly since the end of the war. Industrialists complain that

many workers are not putting the same energy into the job as in war-time or even before the war, and there are one or two "difficult" industries such as building, where output per bead has manifestly fallen.

A Division of Senior Engineering Group pic

# German growth fails to Telecoms lift bleak job prospects

By Peter Norman in Bonn

14

Germany returned to growth in the second quarter, but rising unemployment last month and a sober report on the economy from the Organisation for Economic Co-operation and Development gave little hope of the country'e unemployment crisis easing.
On e seasonally edjusted

basis gross domestic product jumped 1.5 per cent from the first quarter, when the econ-omy declined 0.5 per cent, the federal statistics office said

GDP was 1.2 per cent higher than in the second quarter of last year after year-on-year growth of just 0.2 per cent in the first three months of 1996. Mr Günter Rexrodt, the economics minister, hailed the news as evidence that Germany had overcome a "dip in Although the Paris-based

growth", but the federal labour office announced that unemployment increased nationwide by a seasonally adjusted 14,000 last month.

On an unadjusted basis, Germany's August jobless total of 3.9m was 9,950 below that of July but 323,500 higher than in August last year. The nation'e unemployment rate held steady at 10.2 per cent of the working population last month, with e continuing sharp divergence between the 15 per cent jobless rate in forunist eastern Germany and 9 per cent in the

In its annual report on the German economy, the OECD warned yesterday that the country's expected rate of growth "would be too weak to make any inroads into the high level of unemployment".

"club" of 27 industrialised democracies forecast GDP increases of 0.5 per cent this year and 2.4 per cent in 1997, it warned that employment in Germany would fall by about 1 per cent this year and that the jobless rate would not stabilise before next year.

Germany's return to growth between the first and second quarters owed much to an unprecedented 11.5 per cent jump in construction activity, which made up for the 9.5 per cent drop during the first quar-

The statistics office pointed to a 2.5 per cent increase in export demand and e 3.6 per cent jump in public-sector consumption as important factors behind the year-on-year growth of 1.2 per cent.

Germany warned, Page 2 Editorial Comment, Page 18

# Brussels to unveil labelling scheme to allay BSE fears

By Caroline Southey in Brussels

The European Commission will shortly unveil an ambitious labelling regime for beef in an attempt to boost the industry's image and allay consumer fears about red

The Commission envisages providing consumers with a history of each piece of beef, from cowshed to supermarket. Every beef product would carry a label stating where the animal was born, where it was fattened, what it was fed and where it was slaughtered.

The scheme would be backed by e "passport" scheme for all cattle in the European Union, with the details kept on national computer databases.

Yeltsin

Continued from Page 1

The EU beef sector has been devastated by a six-month old crisis triggered by fears over bovine spongiform encephalo-pathy or mad cow disease. EU beef consumption is still at 80 per cent of its level before the UK government announced in March that BSE could be linked to a fatal human brain

disease, CJD. Devising an EU-wide scheme is complicated, as an animal could be born in the Netherlands, fattened in France and slaughtered in Spain.

"passport" scheme would be compulsory. The labelling scheme, which is still in draft form, would be volun-tary. But Brussels hopes it will trigger competition between producers and supermarkets.
"The ones that don't have the

guarantees will get less and less of the market," a meat tional Butchers' Confederation, which represents small butchers in Europe, said it welcomed a labelling system "consumers want one". But the industry was against a system that required

too much information". Officials said the aim was also to provide coherence in EU regulations on labelling and cattle identification, Some member states, such as Belgium and the Netherlands. have sophisticated animal passport systems while others, such as the UK and Italy, have poor traceability regimes.

Rechem gains BSE cull work,

FT WEATHER GUIDE

general. But he added that he opposed the rapid withdrawal of Russian troops from the contested region. Russia's fledgling stock market, which has fallen by

almost one-third since the summer presidential election because of fears over Mr Yeltsin's health, declined by about 5 per cent yesterday.

Bankers said the added uncertainty was likely to delay Russia's long-aweited foreign investment boom.

But both political and business leaders said the strong presence of Mr Anatoly Chubais, the mastermind of Ruseia's economic reform programme who recently became the Kremlin chief of staff, might keep the government on

# Deutsche unit trust move

Continued from Page 1

after the discovery of mis-valnations of securities in the suspended Mr Stewart Armer, fund manager of one of the

Asset Management this week

two unit trusts. As the unlisted companies set up by Mr Young were untangled, MGAM discovered it owns nearly half of Ashurst Technology, a Toronto-listed engineering group, and 51 per

cent of Sysdeco, a Norwegian

software group. Mr Michael Dobson, the chief executive of Deutsche Bank's investment banking arm Deutsche Morgan Gren fell, said a City law firm and accountancy firm would take had occurred at MGAM.

and there was a break down of controls and supervision," said Mr Dobsou, a Deutsche no stone unturned to discover what happened and make sure

it never happens again." Mr Rolf Breuer, a Deutsche director with responsibility for asset management, said the bank had already considered moving the UK unit trust business under Frankfurt control and would do so again "in the light of what has hap-

Some 8 per cent of cash in the three suspended funds was withdrawn by investors yes-

The funds had an estimated £300m in cash ready to meet more pessimistic predictions of how badly investors would react to the affair.

# plan for UK may cut costs

The US and Britain are discussing radical liberalisation catione traffic, which they. hope will help trigger sharp falls in international call prices and shake up the industry worldwide.

Mr Reed Hundt, chairman of

the US Federal Communications Commission, said in London yesterday the two countries were planning "the communications equivalent of Operation Overlord" – code-name for the allied liberation of continental Europe at the

The move may prove controversial in Brussels, because it could enable US carriers to compete throughout the Euro-pean Union, while their home market remained closed to

European companies. The plan still faces hurdles. As part of any deal, London is expected to press for BT, Cable & Wireless and other UK companies to be allowed operate freely in the US.

The FCC, which regulates the US industry, is unlikely to act on such e request before November's presidential election. The liberalisation plan, which Mr Hundt discussed with British anthorities this week, may also face opposition from AT&T and other large US carriers.

Both governments believe the plan could weaken bilateral arrangements which telecommunications companies worldwide have long used to share international revenues. The arrangements, based on

artificial "accounting rates", have been criticised for inflating international tariffs and distorting the world market. The US and Britain are con-

dering waising the "accounting rates" system on calls between them after the UK fully liberalises Its international telecommunications market next year. The policy would be for an experimental 18-month period.

Almost 50 companies - 22 of them US-based - are seeking licences to operate interna-tional services from the UK. But the government fears that unless the US reciprocates, it will benefit most from any change in the accounting rates

Britain plans from pert year to grant similar treatment to which is due to liberalise telecommunications in 1998. The EU scheme only covers calls between member states. But they could use Britain as a low-cost route to serve customers elsewhere in the EU.

# THE LEX COLUMN Morgan's maze One has to grant it to Mr Peter

Young, the suspended Deutsche Morgan Grenfell unit trust manager. The scheme he allegedly put in place to hide his unauthorised investments had a certain elegance. Such was his enthusiasm for certain stocks that he is said to have breached rules preventing unit trusts owning more than 10 per cent of a company. To disguise what was happening, according to DMG, he created a series of unlisted Luxembourg-based companies to hold the shares. Of course, Mr Young's trusts were not allowed to own more than 10 per cent of these mlisted companies. So to circumvent that rule, a web of cross-shareholdings was apparently established between the unlisted companies.

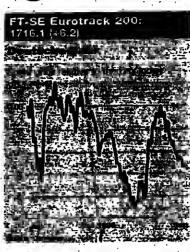
One effect is that DMG seeming! finds itself the proud owner of 49.9 per cent of Ashurst Technology, a Toronto-listed engineering group, and 51 per cent of Sysdeco, a Nor-wegian software group. It is bad enough that both shares have plummeted in recent months; because DMG owns such large chunks of the companies, it could even be forced.

Still, Mr Young's ingenuity does not excuse DMG's failure to spot the ruse. The company was worried back in April that the proportion of unlisted companies in Mr Young's portfolio was rising. But it merely. told him to cut the proportion. And Mr Young allegedly bypassed that instruction by selling the shares to other unlisted companies; because they were sold at e discount to their previous value, the proportion of unlisted shares in his portfolio eemingly fell.

Why did Mr Young's bosses fail to probe the nature of the unlisted companies that were appearing in his portfolio? Why did it take a further four months before they found out what was happening? The answer is apparently the old one of inadequate controls - or discipline, in the words of Deutsche Bank's fund management chief. In the circumstances, it is appropriate that Deutsche Bank is shouldering the losses and has egg on its face.

### International telecoms

want to launch the equivalent of much earnings dilution. Operation Overlord" to bring down the high cost of international telephone calls. The phrase - from Mr Reed Hundt, chairman of the US Federal Communications Commis-2500m of shareholder value, which sion — is suitably dramatic. And if will be registered as an exceptional



on the industry's profitability will

International phone calls gener ate \$50hn in revenue e year, with the average price nearly \$1 a min-ute. Analysts think the true costs are a fraction of that - perhaps only 20c e minute. That points to excess profitability of maybe \$40hn, Such a sum is, of course, not going to van-ish overnight - not least because the UK and the US do not speak for the whole world. That said, other European countries, in particular, would be under pressure to follow suit; otherwise, they could see telecoms traffic diverted to London and then shunted across the Atlantic. Given how much most telecoms companies rely on profits from international calls, the consequence would be painful.

### Grand Metropolitan

Mr John McGrath, Grand Metropolitan's recentlyinstalled chief executive, has wasted no time in shaking up the food and drinks group. By the year end, he will probably have raised £400m (\$255.2m) from disposals, achieving a bold rationalisation of the group's ragged European foods portfolio and a sensible exit from its decidedly non-core eye care subsidiary, Pearle. These businesses produce low returns on invested capital, are an unnecessary management dis-The US and the UK apparently traction and can be sold without

.. There is generally a downside to restructuring. In this case, it is the embarrassment of admitting that these investments have destroyed

loss. But these acquisitions were mistakes from Grand Met's distant past and Mr McGrath is right to kick them out.

If the proceeds come in by the year end, Grand Met's net debt would fall to almost £2.5bg, down 2800m from last year. And with proforma interest cover of around 7% times, a share repurchase suddenly becomes a realistic possibility. A buy-back would do more than enhance earnings - it would prove that Mr McGrath has no plans to trace the disturbingly acquisitive pattern of his predecessors. And there is much for him to do with the existing business. Returns on capital remain unimpressive. If he can devise a tax efficient way of demerging the group's strategically incongruous Burger King subsid iary, he would atone for plenty of the group's previous sins.

Royal & Sun Alliance Yesterday's results were good and the integration is on track, but investors are refusing to get excited about the merger of Royal Insur-ance and Sun Alliance. The shares are back where they were when the

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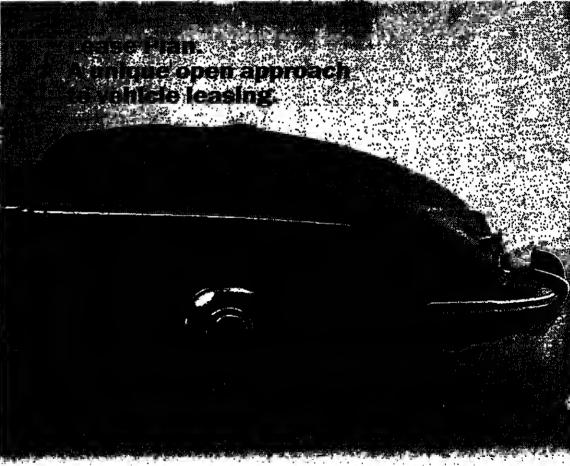
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marriage was announced in May.
Unfortunately, that reaction is hard to fault. While cost savings will probably exceed the £175m promised by 1998, analysts expectfully a third of them to be competed away. And while the merger has improved the group's geographical balance it has not reduced its exposure to the highly competitive end of the general insurance business. Sheer size does not improve underwriting skills and a look at the US shows the big, national insurers losing ground to regional and specialist companies.

A second worry is that the compromise at senior management level - there is both e chief executive and an executive deputy chairman - could stop the group from taking the necessary hard decisions. Pro-posals to shed 30 per cent of managers, against 12 per cent of tota staff, certainly sound tough. But Royal & Sun is not moving particu larly quickly to unify its three sepa-rately branded direct insurers in the UK. And a management focuse on maximising returns on equity would hand back excess capital to shareholders, while Royal & Sun clearly intends to keep something for a rainy day. Until those concerns are addressed, there is little reason for the shares to trade above



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### **Europe today**

The Benelux, France, southern England and Wales will be mainly sunny, while northern England, Scotland and Ireland will have some cloud. North-we and north-east Spain will have showers, though the south of the country will be sunny. Portugal will be partly cloudy. Northern italy will be surrry, while southern Italy, the Balkens and Austria will have thundary showers. Greece will be mainly suriny and dry. Germany, eastern Potend and Russia will have rain.

Five-day forecast

Northerly winds will bring cool, Showers are expected to arrive in the Benelux by early next veek, though France will remai mainly sunny and dry. Northern and western Spein and Italy will have thundary showers. Rain is likely in the Balkan states and Russis.

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